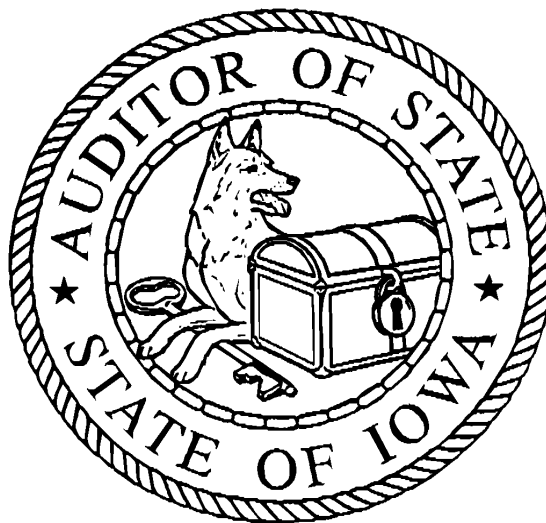


COUNTY AUDIT PROGRAM GUIDE

For the year ended June 30, 2008



DAVID A. VAUDT, CPA
AUDITOR OF STATE

COUNTY AUDIT PROGRAM GUIDE**COUNTY** Sample County**June 30, 2008****FILE INDEX**

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COUNTY Sample County

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FF-1	Internal Control Questionnaire
FF-2	Entrance Conference and Audit Program
FF-3	Trial Balance
FF-4	Bank Reconciliation
FF-5	Trust Account
FF-6	Receipt and Disbursement Detail
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GG-1	Internal Control Questionnaire
GG-2	Entrance Conference and Audit Program
GG-3	Trial Balance
GG-4	Bank Reconciliation
GG-5	Trust Account
GG-6	Receipt and Disbursement Detail
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HH-2	Entrance Conference and Audit Program
HH-3	Review of Minutes
HH-4	Bank Reconciliation
HH-5	Receipt and Disbursement Detail

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II-1	Internal Control Questionnaire
II-2	Entrance Conference and Audit Program
II-3	Trial Balance
II-4	Bank Reconciliation
II-5	Trust Accounts
II-6	Summary of Resident Account Balances

JJ County Assessor

JJ-1	Internal Control Questionnaire
JJ-2	Entrance Conference and Audit Program
JJ-3	Conference Board Minutes
JJ-4	Board of Review Minutes

KK City Assessor

KK-1	Internal Control Questionnaire
KK-2	Entrance Conference and Audit Program
KK-3	Conference Board Minutes
KK-4	Board of Review Minutes

LL Single Audits

(For multiple grants increase Arabic numbers by ten)

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RA	Trial Balances/Adjusting Journal Entries
RB	Entity Wide Trial Balance
RC	Property Tax Receivable
RD	Accounts Receivable/Due from Other Governments
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RF	Other Receivables
RG	Inventories
RH	Prepaid Expenses
RI	Capital Assets
RJ	Due to/Due from Other Funds
RK	Accounts Payable/Due to Other Governments
RL	Contracts Payable
RM	Accrued Payroll
RN	Compensated Absences
RO	Other Payables
RP	Long-Term Debt

COUNTY Sample County

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AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. Plan and document planning of audit. B. Consider Single Audit implications. C. Determine preliminary planning materiality. D. Consider the effect on financial statements of non-compliance with laws and regulations. E. Perform risk assessment procedures and assess risk of material misstatement of the financial statements. F. Determine audit approach. Audit Procedures: A. Job number _____					
B. Assigned staff: Independent? <div style="display: flex; justify-content: space-between;"> <div> Manager _____ Incharge _____ Staff _____ _____ _____ _____ _____ _____ _____ </div> <div> _____ </div> </div>	A				
C. Timing: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">Planned Date</div> <div style="text-align: center;">Actual Date</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>Begin fieldwork</div> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>Complete fieldwork</div> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>To manager</div> <div>_____</div> <div>_____</div> </div>	A				
D. Obtain and file the engagement letter. (AU Section 311.08) E. If prior year audit was performed by another firm: <ol style="list-style-type: none"> 1. Obtain copy of the auditor's reports on the financial statements, compliance and internal control. 2. Obtain copies of appropriate workpapers. 3. Make the appropriate inquiries of the predecessor auditor addressed in SAS No. 84. (AU Section 315) 4. Firm: _____ Contact Person: _____ Telephone: _____ 	A				
F. Review prior year audit report and workpapers. If applicable: <ol style="list-style-type: none"> 1. Note any departures from an unqualified opinion. 	A,B,E				

June 30, 2008

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Note any specific areas of comment in the prior audit report. Determine and document current status. 3. Note any areas of special emphasis recommended for this year's audit by the prior auditor. 4. Note items for next year's audit in prior year's workpapers. Document in planning section. 5. Note any non-report comments that may affect this year's audit and document the status of these. G. Inquire as to the existence of any attestation engagements, performance audits, or other studies (for example – Federal audits, program audits, IT audits, reviews by state agencies, etc.) that have been performed and determine the current status of any findings or recommendations identified that may directly affect the risk assessment and audit procedures in planning the current audit. (GAS Chapter 4.09) H. Review permanent file and determine status of the following and update as necessary: 1. Identification of the financial reporting entity and compliance with GASB 14, as amended by GASB 39. a. Identify the primary government. b. Identify and document consideration of component units. c. Identify and document relationships with organizations other than component units. 2. Nature of business and legal environment. 3. Applicable state and federal regulations. 4. Administrative and accounting personnel. 5. As applicable, federal program personnel. 6. Organization chart. 7. Chart of accounts and accounting manual. 8. Use of outside service organizations. 9. Use(s) of IS systems. 10. Methods used to process significant accounting information. 11. Long-term leases, contracts and commitments. 12. List of officials and terms. I. Conduct entrance conference(s). Discuss and document pertinent information. J. Request that the County assemble all necessary information, records and documents. K. Determine the extent of involvement, if any, of other independent audit firms , consultants, specialists or internal auditors. Where applicable, follow the appropriate guidance:	A,B,F				
	A,B				
	A,B,F				
	A				

COUNTY Sample County**June 30, 2008****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ol style="list-style-type: none"> 1. AU 543 "Part of Audit Performed by Other Independent Auditors". (For audits of material component units, audits conducted as a joint audit, or other reliance on external auditors). 2. AU 322 "Auditor's Consideration of the Internal Audit Function". 3. Consider whether specialized skills, including professionals possessing IT skills, are needed in performing the audit and seek such assistance if considered necessary. (AU 311.22 & AU 311.23) 4. AU 336 "Using Work of Specialist" and Government Auditing Standards Chapter 3.05. Examples of the use of a specialist include: <ol style="list-style-type: none"> a. An engineer or environmental consultant used to estimate the remaining useful life or estimated closure and postclosure costs of a MSWLF. b. An actuary used to determine IBNR claims for a self-insurance fund. c. An actuary used to determine amounts for OPEB. 					
L. Inquire about related party transactions:	A,F				
M. Minutes: <ol style="list-style-type: none"> 1. Review minutes through the most recent meeting and document significant Board action for Board of Supervisors, including subsequent events. Scan minutes for significant action of other outside Boards, including, but not limited to, the following: Local Board of Health, Conservation, Compensation and Veteran's Affairs Commission. 2. Determine and document whether minutes were properly signed. 	A,E,F				
N. Evaluate and document any nonaudit service to determine that <u>Government Auditing Standards</u> , paragraph 3.13, in regard to Independence will not be impaired. If the nonaudit service involves a total of 40 hours or fewer, then the de minimus rule applies and independence will not be impaired. Discuss with Manager, if necessary.					
O. Determine if the County is a fiscal agent for any separate Boards or Chapter 28E Organizations. Determine if they are properly disclosed and reported. Perform the necessary GASB 14, as amended by GASB 39, reviews.					
P. Determine and document judgments about materiality levels by opinion units (AAG-SLV 4.23). If done at interim, update materiality levels as of the balance sheet date. <ol style="list-style-type: none"> 1. Opinion units in a government's basic financial statements are (as applicable): <ol style="list-style-type: none"> a. By each major fund b. By type of activity, governmental or business-type 	B,C				

COUNTY Sample County**June 30, 2008****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. Aggregate remaining fund information d. Discretely presented component units 2. Materiality level for each major Federal program. If done at interim, update materiality levels as of the balance sheet date. Q. Apply preliminary analytical procedures: <ul style="list-style-type: none"> 1. Compare current year information to information with a plausible relationship. 2. Identify expectations and document basis of expectations. 3. Identify unusual or unexpected balances or relationships. 4. Determine and document if matters identified indicate a higher risk of material misstatement. If a higher risk is indicated, adjust audit approach accordingly. R. Prepare all necessary confirmation requests for mailing. S. Send attorney letters to attorneys and other lawyers consulted on significant matters during the period. Send the letter early during field work with a requested response date one week prior to estimated completion of field work. T. Determine and document an audit strategy based on determination of audit risk (AU 312.12, AU 314.102 and AU 316). U. Internal Control <ul style="list-style-type: none"> 1. Obtain and document an understanding of the internal controls, including those relating to overall compliance with laws and regulations. <ul style="list-style-type: none"> a. Determine and document whether these internal controls have been implemented. b. Assess control risk for financial statement assertions, including those relating to overall compliance with laws and regulations that have a direct and material effect on the financial statements. <ul style="list-style-type: none"> 1) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls. 2) Document conclusions in workpapers concerning the assessed level of control risk for the assertions. c. Document the following when control risk is assessed at maximum: 	<p>A,E,F</p> <p>A,B,E,F</p> <p>A,B,D, E,F</p>				

COUNTY Sample County**June 30, 2008****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> 1) Determine that performing only substantive tests will reduce detection risk to an acceptable level when evidence of the initiation, recording or processing of financial data exists only in electronic form. (AU 319.04) 2) Document the accuracy and completeness of the information used to perform substantive tests when the information is produced by the County's information system. (AU 319.65) d. Obtain and document an understanding of any department's separately maintained records if they are of a significant amount and outside the normal transaction cycle. e. If the County uses a service organization or an organization that is part of the County's information system to process transactions (i.e. payroll processing, bank trust department that invests and holds assets for employee benefit plans, organizations that develop, provide and maintain software for user organizations, etc.), follow AU Section 324 (SAS 70 and SAS 88) to consider and document the effect the service organization has on the internal controls of the County (user organization), related control risk assessments, and the availability of evidence to perform substantive procedures. 2. Major Federal programs: <ul style="list-style-type: none"> a. Obtain and document an understanding of the internal controls relevant to the common requirements applicable to all major federal programs. b. Determine and document whether these controls have been implemented. c. Assess control risk. (The auditor should plan for a low level of control risk.) d. Perform tests of controls over each major program (regardless of whether or not choosing to obtain evidence to support an assessment of control risk below maximum). e. Include lack of or ineffective control procedures as significant deficiencies in the report on internal control. 3. If steps U(1) and (2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the balance sheet date: <ul style="list-style-type: none"> a. Apply the following procedures for the internal control work done: 					

COUNTY Sample County

June 30, 2008

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> 1) Ask whether there have been any changes to internal controls, including federal controls, since interim date. Also consider whether any changes are apparent from substantive (or other) tests done after interim date. 2) Consider the significance of any changes. 3) Obtain audit evidence about the nature and extent of any changes. b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments. <p>V. Determine the major funds for the governmental and business type activities. Funds are considered major funds if they meet both the criteria for the same element. (GASB 34 par. 76)</p> <ul style="list-style-type: none"> 1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type. 2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. 3. Review with management whether additional discretionary funds should be included as major funds. <p>W. Termination Benefits/OPEB/Pension Benefits</p> <ul style="list-style-type: none"> 1. Obtain copies of personnel policies, employment contracts, union agreements, employee handbook, retirement plans, etc. and determine if benefits represent: <ul style="list-style-type: none"> a. termination benefits (GASB 47) b. pension benefits/retirement income (GASB 27/50) c. sick leave dollars converted to healthcare – can be termination benefit or compensated absences (GASB 47 or GASB 16) d. other post-employment benefits (OPEB)(GASB 43/45 – future implementation). 2. If termination benefits are identified, see applicable liabilities section(s) of the audit program. 3. If pension benefits/retirement income are identified, discuss with audit manager. 4. If sick leave conversion to healthcare is identified: 					

COUNTY Sample County**June 30, 2008****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>a. If meets definition of a termination benefit as defined by GASB 47, see applicable liabilities section(s) of the audit program (for termination benefits).</p> <p>b. If meets definition of a "termination benefit" as defined by GASB 16, see applicable liabilities section(s) of the audit program (for compensated absences).</p> <p>5. If other post-employment benefits are identified,</p> <p>a. Gain an understanding of OPEB plan</p> <p>b. Determine future implementation date for reporting under GASB 43/45</p> <p>c. Determine whether an actuarial opinion will be required and how often based on plan membership</p> <p>d. If an actuarial opinion will be required, discuss with client to ensure they understand responsibilities for compliance with GASB 43/45</p> <p>1) the information that will need to be provided to the actuary for assumptions:</p> <ul style="list-style-type: none"> • Turnover – for projections to take into account vesting and vested benefits • Retirement age • Mortality – estimated life spans • Projected salary increases • Inflation rate • Healthcare cost trend data • Investment return • Post-retirement benefit increases <p>2) for what reporting period the actuarial opinion is required</p> <p>3) timing for performance of the actuarial opinion</p> <p>4) when information will be needed for budgeting purposes</p> <p>e. If an actuarial opinion will not be required, determine whether the Alternative Measurement Method will be utilized.</p> <p>X. If a computer was used by the County to process significant accounting applications, determine and document the methodology to be used in obtaining evidence. (i.e., manual audit procedures, computer-assisted audit techniques, or a combination of both) (AU 326.12).</p>					

COUNTY Sample County**June 30, 2008****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Y. Identify and obtain an understanding of possible additional financial statement effects of pertinent laws and regulations (not already identified in the audit program) which could, if not observed, have a direct and material effect on the financial statements. (AU 801.08)	D				
Z. Document the auditor's consideration of the risk of material misstatement due to abuse. If indications of abuse exist, plan audit procedures to determine whether abuse has occurred and the effect on the financial statements. (GAS Chapter 4.13)	E				
AA. Modify/expand on standard audit program guide, as necessary. The program should be responsive to the critical audit areas and other areas of concern noted in the audit planning, the analytical procedures performed on the financial statements, and the understanding obtained of the County's internal controls.	A,F				
BB. Complete the Code Compliance Risk Assessment Form and the Code Compliance Guide.	A,D				
CC. Immediately contact Manager if fraud or embezzlement is suspected and ensure the appropriate officials are notified after contacting the Manager. Chapter 11.6 requires a CPA firm to notify the Auditor of State immediately regarding any suspected embezzlement or fraud. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.					
DD. Prepare audit time budget.					
EE. Discuss planning phase with Manager and document conclusions.	A				
ALTERNATE/ADDITIONAL PROCEDURES:					

June 30, 2008

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>CONCLUSION:</p> <p>We have performed procedures sufficient to achieve the audit objectives for audit planning, and the results of these procedures are adequately documented in the accompanying workpapers.</p>					
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**

The attached audit strategy is to be used to document the following:

- Auditor's understanding of certain preliminary information regarding the entity and its environment for planning the audit.
- Auditor's fraud risk assessment including identification of fraud risk factors.
- Identification of material account balances and classes of transactions.
- Determination of the risk of material misstatement at the financial statement and relevant assertion levels.
- Auditor's response to the risks identified.
- Identification of the federal programs.
- Determination of major federal programs and the applicable common requirements.
- Applicability of account balances and classes of transactions to federal programs.

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**

PROCEDURE	YES	NO	REMARKS
1. Did the prior year report on the financial statements include departures from an unqualified opinion?			
2. Did the prior year audit identify any significant deficiencies or material weaknesses?			
3. Have various account balances or transactions required significant adjustments in prior audits?			
4. Was the approach in the prior year primarily substantive?			
5. Were any significant errors or instances of fraud noted in the prior audit?			
6. Is there any indication there could be substantial doubt about the County's ability to continue as a going concern?			
7. Does the audit require special expertise?			
8. Are specialized skills needed to determine the affect of IS on the audit, to understand the IS controls, or to design tests of controls?			
9. Are there any new accounting and/or auditing pronouncements that may affect the current audit?			
10. Are there any specialized accounting practices or principles applicable to the County? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the County?			
12. Are there any economic conditions or recent developments that affected the County's operations? (inflation, interest rates, technological changes)			
13. Are there any special regulatory or reporting requirements that apply? (Single Audit)			
14. Is the County economically dependent on a major industry or company such that a change in the industry or company would adversely affect the County?			
15. Has there been a change in state or federal funding that would significantly impact the operations of the County?			
16. Is any aspect of the County profit motivated?			
17. Have there been any significant changes in the function or responsibilities of the County?			
18. Do the financial statements require use of significant accounting estimates or fair value determinations?			
19. Does the County have multiple locations for significant operations?			

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**

PROCEDURES	DONE BY	REMARKS
<p>20. Complete the fraud risk assessment form.</p> <p>21. Document the following on the audit strategy forms:</p> <ul style="list-style-type: none"> a. Identify material account balances and classes of transactions. Consider preliminary planning materiality as well as qualitative matters such as volume of transactions, susceptibility of assets to theft, etc. b. Assess the inherent risk by assertion for each of the material account balances and classes of transactions identified above and document the results. c. Assess control risk. d. Considering the understanding obtained of the entity (including its environment and internal controls) and the determination of inherent and control risks, assess the risks of material misstatement (whether due to fraud or error) at financial statement and relevant assertion levels and assess detection risk. e. Document overall responses to the risks identified and the design of further audit procedures (audit approach). f. If Single Audit is applicable, identify the major federal programs using the Single Audit - Audit Strategy form. g. Identify the material account balances and classes of transactions applicable to major federal programs. h. Identify the common requirements applicable to each major federal program. i. Indicate whether test of controls are applicable or comment on whether controls do not exist or cannot be tested. <p>22. Identify other matters considered in determining the audit strategy.</p> <p>23. Identify any matters` that could increase the risk of material misstatement of the financial statements due to errors, fraud and other non-compliance.</p>		

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT**I. BRAINSTORMING CONFERENCE**

Date: _____

Instructions: Members of the audit team are required to discuss the susceptibility of the government's financial statements to material misstatement due to fraud or error. The discussion should include an open exchange of ideas (brainstorming). The discussion should also emphasize the importance of exercising professional skepticism throughout the audit. The discussion may occur prior to, or in conjunction with, other audit planning procedures, but should take place each year.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards.

Audit of financial statements	Yes	_____	No	_____
-------------------------------	-----	-------	----	-------

Single Audit	Yes	_____	No	_____
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Participants:

Name	Title

1. Describe how the discussion occurred (e.g. face-to-face meeting, conference call)

2. Describe the matters discussed.

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
RISK ASSESSMENT

Matters that should be discussed include:

- a. How and where the financial statements might be materially misstated due to fraud or error.
- b. How management could perpetrate and conceal fraudulent financial reporting.
- c. How the perpetrators could misappropriate government assets.
- d. Known external and internal factors affecting the government that might (1) create incentives/pressures to commit fraud, (2) provide the opportunity for fraud to take place, and (3) reveal attitudes or rationalization about why fraud is acceptable behavior.
- e. The nature and risk of management override of controls.
- f. How best to respond to these fraud and other risks through the design of audit procedures.
- g. The importance of maintaining an appropriate attitude of professional skepticism throughout the audit when considering the risk of material misstatement due to fraud.

The discussion should not be influenced by past favorable experience with the integrity of management.

The discussion should abandon neutrality and presume the possibility of dishonesty at various levels of management.

The discussion should focus on the financial statement areas vulnerable to fraud presuming that management, employees, or volunteers were inclined to perpetrate fraud.

3. Did information arise during the brainstorming meeting that may be relevant to identifying risks of material misstatement due to fraud or error?

_____ Yes (Document on Part IV)

_____ No

Comments:

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT**II. INQUIRIES ABOUT THE RISKS OF FRAUD**

Instructions: Auditors are required to make inquiries of management and others about the risks of fraud. Inquiries should be made each year in the planning stage of the audit. This form can be used to document the auditor's inquiries of management and other employees. Conducting one-on-one interviews with members of management and other employees is the most appropriate way of accomplishing the objectives of the inquiry process. Management interviewed should include the County Auditor, County Treasurer, County Board of Supervisors and anyone else who's job responsibility could have a material effect on the financial statements.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards. Alternatively, the auditor may wish to complete separate forms.

(A separate form should be used for each person interviewed)

A. Management Personnel Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of the government's management about whether it is aware of (1) actual or suspected fraud, or (2) any allegations of fraud (e.g., communications from employees or others). Describe.

2. Inquire of the government's management about its understanding of the risks of fraud within the government, including any specific risks identified or account balances or transaction classes where fraud is likely to occur. Describe.

3. Inquire of the government's management about the programs and controls that it has established to mitigate fraud risks and how it monitors such programs and controls. Describe.

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
RISK ASSESSMENT

-
4. Inquire of the government's management about the nature and extent of monitoring of operating locations, where applicable, and whether there are particular units for which a risk of fraud may be more likely to exist. Describe.

5. Inquire of the government's management about whether and how it communicates to employees its views on business practices and ethical behavior. Describe.

6. Inquire of the government's management about whether it has reported to the audit committee, or its equivalent, on how the government's internal control monitors the risks of material fraud. Describe.

7. Inquire of the government's management about their compliance with laws and regulations. Describe.

8. Inquire as to whether the person being interviewed gambles and whether they know of any County employee or Board Member who gambles.

9. Did information arise from inquiries of management that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

B. Others Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

1. Inquire of others within the government (e.g., operating personnel not directly involved in the financial reporting process and employees with different levels of authority) about any actual fraud or suspected fraud. Describe.

2. Inquire as to whether they know of any County employee or Board Member who gambles.

3. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

☐ Yes (Document on Part IV)

☐ No

Comments:

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY RISK ASSESSMENT

C. Others Interviewed:

Name

Title

Date _____

1. Inquire of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Describe.

--

2. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

No

Comments:

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

D. Audit Committee or Equivalent Personnel Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

1. Where applicable, inquire of the audit committee or its equivalent, or at least its chair, about (1) its views about the risks of fraud, (2) whether it has knowledge of any actual fraud or suspected fraud, and (3) how it exercises its oversight of the government's assessment of risks of fraud and the programs and controls the government has adopted to mitigate those risks. Describe.

2. Did information arise from inquiries of audit committee or equivalent personnel that should be considered further in identifying risks of material misstatement due to fraud?

☐ Yes (Document on Part IV)

☐ No

Comments:

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

E. Internal Audit Personnel Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

1. Where applicable, inquire of internal audit personnel about: (1) their views of the risks of fraud, (2) any procedures they performed to identify or detect fraud during the period under audit, (3) management's response to the findings, and (4) whether they have knowledge of any actual fraud or suspected fraud. Describe.

--

2. Did information arise from inquiries of internal audit personnel that should be considered further in identifying risks of material misstatement due to fraud?

 Yes (Document on Part IV)

 No

Comments:

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COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
III. FRAUD RISK ASSESSMENT <u>Instructions:</u> Complete the following questions to document your consideration of risk factors that might indicate an increased risk of material misstatement due to fraud. "Yes" answers do not necessarily indicate an increased risk, but should be considered when assessing the risk of <u>material</u> misstatement due to fraud. If fraud risk factors are present, but other controls exist that compensate for that risk, document the mitigating factors in the remarks column.				
<u>RISK FACTORS RELATING TO FRAUDULENT FINANCIAL REPORTING</u>				
A. Incentives/Pressures				
1. Is there significant pressure on meeting performance targets?				
2. Is a significant portion of management's compensation or performance assessment dependent on budgetary goals, program results, or other incentives?				
3. Do unrealistic performance targets exist?				
4. Were there numerous significant budget modifications in prior periods?				
5. Is there a lack of formal budgeting policies and procedures?				
6. Is the current management unable to make reasonable estimates of tax revenues, expenditures, or cash requirements?				
7. Has the credit rating for the government's securities been downgraded by an independent agency since the prior period?				
8. Do individuals outside of management or the governing body have substantial influence over the operations of one or more governmental units?				
9. Has management set unduly aggressive financial targets and expectations for operating personnel?				
10. Is the government subject to new accounting, statutory, or regulatory requirements that could impair its operating efficiency or financial stability?				
11. Is the government experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen's service expectations?				
12. Is the government experiencing a poor or deteriorating financial condition (for example, a declining tax base, declining economy, or other anticipated loss of revenue sources)?				
13. Is the government having difficulty generating cash flows from operating activities?				

COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
14. Has the government experienced unusually rapid growth or improved financial results, especially when compared to other governments?				
15. Is the government highly vulnerable to changes in interest rates?				
16. Is the government unusually dependent on debt financing?				
17. Do the government's financing agreements have debt covenants that are difficult to maintain?				
18. Is the government facing the threat of imminent bankruptcy?				
19. Is there significant pressure to obtain additional funding to maintain services?				
20. Is there a high degree of competition for federal or state awards?				
21. Is there declining federal and state program funding levels on a national or regional level?				
22. Is there a declining number of eligible participants, benefit amounts, and/or enrollments in award programs?				
23. Is there complex or frequently changing compliance requirements?				
24. Is there a mix of fixed price and cost reimbursable program types that create incentives to shift costs?				
B. Opportunities				
1. Is management dominated by a single individual or a small group without compensating controls, such as effective oversight by the governing body?				
2. Does the governing body or management lack understanding or experience regarding the operation or responsibilities of the government?				
3. Are internal controls inadequately monitored by management?				
4. Has management continued to employ ineffective accounting or IT (information technology) personnel?				
5. Has there been a high turnover in management level employees, bankers, attorneys, or auditors?				
6. Does the level of communication between accounting managers and data processing or IT departments appear to be inadequate?				
7. Are assets, liabilities, revenues, and expenditures or expenses based on significant estimates that involve unusually subjective judgments or uncertainties or that could significantly change in the near term in a manner that may be financially disruptive?				

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
RISK ASSESSMENT

QUESTION	YES	NO	N/A	REMARKS
<p>8. Does the government engage in significant related party transactions not in the ordinary course of business (including transactions with related governments that are unaudited or audited by another firm)?</p> <p>9. Does the government have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?</p> <p>10. Does the government have significant bank accounts in locations for which there does not appear to be a clear business justification?</p> <p>11. Does the government have an overly complex organizational structure involving numerous component units, subrecipients, related organizations, lines of managerial authority, or contractual arrangements that do not have an apparent purpose?</p> <p>12. Does the government have significant relationships with other governments that do not appear to have a clear programmatic or business justification?</p> <p>C. Attitudes/Rationalizations</p> <p>1. Were there numerous significant audit adjustments in prior periods?</p> <p>2. Is there an excessive interest by management to meet performance targets through the use of unusually aggressive accounting practices?</p> <p>3. Has management failed to effectively communicate and support the government's values or ethics?</p> <p>4. Has management failed to effectively communicate about inappropriate business practices or ethics?</p> <p>5. Has management failed to correct known significant deficiencies in internal control on a timely basis?</p> <p>6. Has management displayed a significant disregard for regulatory requirements, including, when applicable, federal and state award compliance requirements?</p> <p>7. Does management have a poor reputation?</p> <p>8. Does management have a history of violating laws, regulations, debt covenants, contractual obligations, or federal and state award compliance requirements?</p> <p>9. Do non-financial management or personnel excessively participate in the determination of significant estimates or selection of accounting principles?</p> <p>10. Are there frequent disputes on accounting, auditing, or reporting matters between management and the current or predecessor auditor?</p>				

COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
11. Has management made unreasonable demands on the auditor, such as unreasonable time constraints on completion of the audit or an excessive emphasis on reducing the audit fee?				
12. Has management placed restrictions on the auditor (formal or informal) that inappropriately limit access to people or information (or inappropriately limit communication with the governing body or audit committee)?				
13. Has management failed to respond to specific inquiries or to volunteer information regarding significant or unusual transactions?				
14. Has there been domineering behavior by management, especially involving attempts to influence the scope of the auditor's work?				
15. Are there other situations indicating a strained relationship between management and the current or predecessor auditor?				
16. Could the government face adverse consequences on a significant pending transaction (such as issuance of debt or receipt of a grant) if poor financial results are reported?				
17. Does the government have significant investments in high-risk financial investments?				
18. Are there any known personal difficulties or other influences in the lives of management that could adversely affect their integrity, attitude, or performance?				
19. Do other conditions exist that indicate incentives/pressures, opportunities, or attitudes/rationalizations for management to engage in fraudulent financial reporting?				

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

_____ Yes (Document on Part IV)

_____ No

Comments:

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COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
RISK FACTORS RELATING TO MISAPPROPRIATION OF ASSETS				
A. Incentives/Pressures				
1. Are there any indications that management or employees with access to cash or other assets susceptible to theft have personal financial obligations that may create pressure to misappropriate assets?				
2. Are there any conditions that may create adverse relationships between the government and employees with access to cash or other assets susceptible to theft, such as the following:				
a. Known or anticipated future employee layoffs?				
b. Recent or anticipated changes to employee compensation or benefit plans?				
c. Promotions, compensation, or other rewards inconsistent with expectations?				
B. Opportunities				
1. Does the government maintain or process large amounts of cash?				
2. Is the government's inventory easily susceptible to misappropriation (such as small size, high value, or high demand)?				
3. Does the government have assets that are easily convertible to cash (such as bearer bonds, etc.)?				
4. Does the government have capital assets that are easily susceptible to misappropriation (such as small size, portability, marketability, lack of ownership identification, etc.)?				
5. Is the government susceptible to fraudulent, unauthorized disbursements (such as vendor or payroll disbursements) being made in amounts that are material to the financial statements?				
6. Is there a lack of management oversight over assets susceptible to misappropriation?				
7. Does the government lack job applicant screening procedures when hiring employees with access to assets susceptible to misappropriation?				
8. Does the government have inadequate record keeping over assets susceptible to misappropriation?				
9. Is there a lack of appropriate segregation of duties that is not mitigated by other factors (such as management oversight)?				
10. Does the government lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?				

COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
11. Are there poor physical safeguards over assets susceptible to misappropriation (for example, inventory not stored in a secured area, cash or investments kept in unlocked drawers, etc.)?				
12. Is there a lack of timely and appropriate documentation for transactions affecting assets susceptible to misappropriation?				
13. Is there a lack of mandatory vacations for employees in key control functions?				
14. Does management have an inadequate understanding of information technology which enables information technology employees to perpetrate a misappropriation?				
15. Are access controls over automated records inadequate (including controls over, and review of, computer system event logs)?				
C. Attitudes/Rationalizations				
1. Do employees who have access to assets susceptible to misappropriation show:				
a. Disregard for the need for monitoring or reducing risks related to misappropriation of assets?				
b. Disregard for internal control over misappropriation of assets by overriding existing controls?				
c. Disregard for internal control over misappropriation of assets by failing to correct known internal control deficiencies?				
2. Do employees who have access to assets susceptible to misappropriation exhibit behavior indicating displeasure or dissatisfaction with the government or its treatment of its employees?				
3. Have you observed any unusual or unexplained changes in behavior or lifestyle of employees who have access to assets susceptible to misappropriation?				

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

☐ Yes (Document on Part IV)

☐ No

Comments:

List any additional fraud factors or conditions identified as being present. Additional factors may have been identified through inquiry of management in the entrance conference. Also, document any compensating controls.

If improper revenue recognition was not identified as a risk of material misstatement due to fraud, describe the reasons regarding how that presumption was overcome.

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

IV. RESPONSE TO RISKS

The way the auditor responds to the risks identified during the risk assessment process depends on the nature and significance of the risks identified and on the government's programs and controls that address such risks. The auditor should take into account the various risk assessment procedures performed including preliminary analytical procedures, brainstorming session, information obtained about the entity and its environment including internal controls, fraud risk considerations and any other sources providing information about relevant risks. Auditors respond to the results of the risk assessment in three ways: (1) an overall response as to how the audit is conducted; (2) specific responses involving modification of the nature, timing, and extent of procedures to be performed; and (3) responses to further address the fraud risk of management override of controls.

1. *Overall response to financial statement risks* – Describe overall risks at the financial statement level that may affect many assertions and the planned response to identified risks. Examples of overall risks include weaknesses in the control environment, changes in management, motivation by management to fraudulently misstate the financial statements, etc. Appropriate responses may include: (1) assignment of personnel and supervision, (2) scrutiny of management's selection and application of significant accounting principles, and (3) including an element of unpredictability in audit procedures and tests.

2. *Specific responses to risks* – If any risks are considered significant, the risk and the auditor's response to the risk should be included in the risk assessment summary form. For less significant risks, describe your specific responses, if any, to identified risks, including modification of the nature, timing, and extent of audit procedures.

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT

-
3. *Response to address management override of controls* – Because management override of controls can occur in unpredictable ways, the risk of management override of controls is always an identified fraud risk and the auditor is required to perform certain specified procedures to respond to such risk. These procedures relate to (1) examining journal entries and other adjustments, (2) reviewing accounting estimates for biases, and (3) evaluating the business rationale for significant unusual transactions.

See audit program step B on audit program section General Ledger

See audit program steps N and O on audit program section Completion of Audit

Incharge	_____	Date	_____
Manager	_____	Date	_____
Independent	_____		
Reviewer	_____	Date	_____

June 30, 2008

AUDIT STRATEGY

RISK ASSESSMENT SUMMARY

[illegible]

June 30, 2008

[illegible]

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY
RISK ASSESSMENT SUMMARY**

ACCOUNT BALANCE/ CLASS OF TRANSACTION	IDENTIFIED RISKS and RELEVANT ASSERTION(S)	OPINION UNIT(S) AFFECTED	RESPONSE TO RISK and AUDIT APPROACH
Statement of Net Assets / Balance Sheet			
Cash			
Investments			
Taxes Receivable			
Accounts Receivable			
Prepaid Expense			
Inventories			
Capital Assets			
Accounts Payable			
Deferred revenue			
Other liabilities			
Compensated absences			
Long Term Debt			

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY
RISK ASSESSMENT SUMMARY**

ACCOUNT BALANCE/ CLASS OF TRANSACTION	IDENTIFIED RISKS and RELEVANT ASSERTION(S)	OPINION UNIT(S) AFFECTED	RESPONSE TO RISK and AUDIT APPROACH
Other:			
Statement of Activities / Statement of Revenues, Expenditures and Fund Balance			
Property Tax			
Revenue - Intergovernmental			
Revenue – Proprietary			
Other Revenue			
Expenditures			
Expenditures - Procurement/Credit Cards			
Payroll			
Transfers			
Depreciation			
Financial Reporting (Presentation and Disclosure)			
Other:			

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY
RISK ASSESSMENT SUMMARY****ASSERTIONS:****Account Balances:**

E = Existence R = Rights and Obligations C = Completeness
 V = Valuation and Allocation A = All Assertions

Classes of Transactions:

O = Occurrence C = Completeness AC = Accuracy
 CO = Cut off CL = Classification A = All Assertions

Presentation and Disclosure:

O = Occurrence and Rights and Obligations C = Completeness
 U = Classification and Understandability V = Accuracy and Valuation
 A = All Assertions

CR = Control Risk**RMM = Risk of Material Misstatement****TOC = Test of Controls DR = Detection Risk****Audit Risk is assessed at LOW for all account balances and classes of transactions****OPINION UNITS:****GA** Government Activities**BTA** Business Type Activities

Major Funds:

G General Fund

AR Aggregate remaining funds**AD** Aggregate discretely presented component unit**All** All Opinion Units

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
RISK ASSESSMENT SUMMARY**ASSERTION DEFINITIONS:****Account Balances:**

E = Existence – assets, liabilities and equity interests exist.

R = Rights and Obligations – the entity holds or controls the rights to assets, and liabilities are the obligations of the entity.

C = Completeness – all assets, liabilities and equity interests that should have been recorded have been recorded.

V = Valuation and Allocation – assets, liabilities and equity interests have been included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

Classes of Transactions:

O = Occurrence – transactions and events that have been recorded have occurred and pertain to the entity.

C = Completeness – all transactions and events that should have been recorded have been recorded.

AC = Accuracy – amounts and other data relating to recorded transactions and events have been recorded appropriately.

CO = Cut off – transactions and events have been recorded in the correct accounting period.

CL = Classification – transactions and events have been recorded in the proper accounts.

Presentation and Disclosure:

O = Occurrence and Rights and Obligations – disclosed events and transactions have occurred and pertain to the entity.

C = Completeness – all disclosures that should have been included in the financial statements have been included.

U = Classification and Understandability – financial information is appropriately presented and described and disclosures are clearly expressed.

V = Accuracy and Valuation – financial and other information are disclosed fairly and at appropriate amounts.

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
RISK ASSESSMENT SUMMARY**INHERENT RISK FACTORS:**

1. Prior audit history indicates little or no adjustment required.
2. Prior audit history indicates significant adjustments.
3. Personnel recording transactions are competent and have been performing duties for several years.
4. New personnel/poorly trained personnel.
5. Transactions are relatively simple to record.
6. Transactions require significant calculations prior to recording.
7. Relatively few transactions.
8. Significant accounting estimates required.
9. Low susceptibility to misappropriation.
10. Highly susceptible to misappropriation.
11. Relatively immaterial.
12. Complexity of matters likely to result in misstatement.
13. Stable transaction activity.
14. High fluctuation in timing of activity.
15. Low potential for omitted activity.
16. High potential for omitted activity.
17. Prior audits included insignificant findings or no findings.
18. Prior audits included significant findings.

COMBINED RISK ASSESSMENT AND ALLOWABLE DETECTION RISK:

<u>INHERENT RISK</u>	<u>CONTROL RISK</u>			Combined risk of material misstatement (RMM)
	<u>MAXIMUM</u>	<u>MODERATE</u>	<u>LOW</u>	
HIGH	High	Moderate	Low	
MODERATE	Moderate	Low	Low	
LOW	Low	Low	Low	

<u>COMBINED RISK OF MATERIAL MISSTATEMENT (RMM)</u>	<u>ALLOWABLE DETECTION RISK</u>
HIGH	Low
MODERATE	Moderate
LOW	High

ARE THERE ANY SIGNIFICANT DEFICIENCIES KNOWN AT THE TIME OF PLANNING THAT MAY AFFECT THE PLANNED AUDIT APPROACH? YES NO

If Yes, document the account balance or class of transaction affected and explain

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
RISK ASSESSMENT SUMMARY**Planning Approach:**

We have documented the material account balances and classes of transactions and identified significant risks, if any, at the relevant assertion level. We have determined and documented the risk of material misstatement, specific responses to the risks identified, an overall audit approach and have modified the audit program procedures accordingly.

Completion - Overall Audit Strategy Conclusion:

We have reviewed the audit procedures performed for each account balance and class of transaction and have determined these procedures agree with and satisfy the planned audit approach.

	Initials and Dates			
	Planning		Completion	
	Initials	Date	Initials	Date
Incharge				
Manager				
Independent Reviewer				

COUNTY Sample County**June 30, 2008****AUDIT STRATEGY**
SINGLE AUDIT

- 1) Determine Type A vs. Type B programs using the Program Identification form.
- 2) Determine the risk classification of Type A and primary Type B programs using the Risk Assessment form. The auditor is not required to perform a risk assessment of relatively small Type B programs.
- 3) Identify major programs and determine if the percentage of coverage rule has been met using the bottom of the Determination of Major Programs form.

Major programs must account for at least 50% of total expenditures of federal awards unless the entity is low-risk, in which case, only 25% needs to be met.* The entity is considered low risk if, for each of the prior two years, all of the following conditions have been met:

- A Single audit is performed on an annual basis.
- Unqualified opinions on the financial statements and Schedule of Expenditures of Federal Awards were issued.**
- No material weaknesses in internal control under the requirements of Government Auditing Standards (relating to the financial statements) were noted.**
- No internal control deficiencies identified as material weaknesses were noted for all Type A programs.
- No material non-compliance was noted for all Type A programs.
- There were no known or likely questioned costs exceeding 5% of the program's expenditures for all Type A programs.

*The auditee may have one or more non low-risk Type A *programs* and still qualify as a low-risk *entity*, as long as all Type A programs meet the criteria listed. However, all non low-risk Type A programs must be audited as major programs even if the 25% rule of coverage is met by only a portion of the non low-risk Type A programs.

**However, a waiver that allows the entity to be identified as low-risk may be provided by the cognizant or oversight agency if they judge that an opinion qualification or any identified material weaknesses does not affect the management of federal awards.

COUNTY Sample County

June 30, 2008

**AUDIT STRATEGY
SINGLE AUDIT****PROGRAM IDENTIFICATION**

					Type B	
Federal Program	CFDA #	Federal Awards Expended	% of Total Federal Awards Expended	Type A Program (X)	Primary Program (X)	Relatively Small Program (X)
TOTAL						

Determine the appropriate amounts to be used as program thresholds:

Type A programs equal the	\$		Primary Type B Programs equal	\$	
Greater of \$300,000 or 3% of	X	3%	the greater of \$100,000 or 3%	x	.3%
Total federal expenditures	\$	<u> </u>	of total federal expenditures	\$	<u> </u>

Relatively small Type B programs are less than the greater of \$100,000 or .3% of total federal expenditures.

NOTE: A Single Audit is not required if total federal expenditures are less than \$500,000.

COUNTY Sample County**June 30, 2008****AUDIT RISK**
TYPE A AND PRIMARY TYPE B PROGRAM RISK ASSESSMENT

Program Name:						
CFDA #						
Program Type:	A / B	A / B	A / B	A / B	A / B	A / B
Last FY Reviewed **						

Current and Prior Experience:

Program was audited as a major program in one of the last two years. (1)

No significant deficiencies or material instances of non-compliance were noted in the most recent audit period. (1)

Persons administering program are experienced and appear competent.

Monitoring of subrecipients is adequate.

Computer systems used for processing are established and adequate.

Prior audit findings have been corrected. (2)

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

Oversight (Federal and/or Pass-through entities):

Recent monitoring reviews were performed and noted no significant problems.

OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement.

Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Inherent Risk:

Nature of program is not complex.

There are no eligibility criteria or third party contracts.

There hasn't been significant changes in federal regulations or contract provisions.

Program has been on-going (not the first or last year of the program).

Program's Inherent Risk (High, Mod, Low)

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Internal Control Consideration:

Assessed level of risk based on evaluation of internal controls for prior year. (Max / Slr / Mod / Low)

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Overall Risk Analysis:

Low Risk (Type A or B Programs)						
Non-Low Risk (Type A Programs Only)						
High Risk (Type B Programs Only)						

(1) - This criteria must be met in order to consider a Type A program low-risk.

(2) - Auditors should use their judgment. Audit findings from prior year do not preclude the program from being low risk.

** - A-133 states in part that for a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods. This ensures that all Type A programs are tested as major at least once every three years.

Note: Except for known significant deficiencies in internal control or compliance problems, a single criteria would seldom cause a Type B program to be considered high-risk.

COUNTY Sample County

June 30, 2008

AUDIT STRATEGY
SINGLE AUDIT
DETERMINATION OF MAJOR PROGRAMS

In order to determine major programs, complete the following steps:

- Enter Type A programs and their risk analysis from the Risk Evaluation form. For non low-risk programs only, enter their percentage of total federal expenditures (from the Program Identification form) in the far right column. If there are no low-risk Type A programs, then determine if total percentage of non low-risk Type A programs exceeds the percent of coverage rule. If it exceeds the minimum percentage required, the determination of major programs is complete.
- Enter the primary Type B programs and their risk analysis from the Risk Evaluation form. Select at least half of the Type B programs that were determined to be high risk (may be limited to the number of low-risk Type A programs.) For each high-risk Type B program selected, enter its percentage of total federal expenditures (from the Program Identification form) in the far right column. When identifying which high-risk Type B programs to test as major, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.
- Determine if the total percentages from these two steps exceed the percent of coverage rule. If it exceeds the minimum percentage required, then the determination of major programs is complete. If the minimum percentage is not met, include additional programs as necessary to meet the percentage of coverage rule.
- For each major program, document the inherent risk from the previous page. If a risk assessment was not required, determine the inherent risk based on the criteria from the previous page.

A B	Federal Program	CFDA #	Non Low-Risk	Low- Risk	High- Risk	% of Total Expenditures of Federal Awards	Major Program Inherent Risk
	TOTAL						

50% Rule applicable ☐25% Rule applicable ☐

June 30, 2008

AUDIT STRATEGY SINGLE AUDIT

Identify applicable requirements for each major program.

Programs:								
CFDA#:								

Common Requirements:

Common Requirements:							
A. Activities allowed or unallowed							
B. Allowable costs/Cost principles							
C. Cash Management							
D. Davis-Bacon Act							
E. Eligibility							
F. Equipment and Real Property Management							
G. Matching, Level of Effort, Earmarking							
H. Period of Availability of Federal Funds							
I. Procurement and Suspension and Debarment							
J. Program Income							
K. Real Property Acquisition/Relocation Assistance							
L. Reporting							
M. Subrecipient Monitoring							
N. Special Tests and Provisions							

COUNTY Sample County**June 30, 2008****PLANNING CONFERENCE ENTRANCE -
BOARD OF SUPERVISORS/COUNTY AUDITOR**

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
Name	Title	Name	Title

ItemsDiscussion

A. Scope of Audit:

1. Period to be audited.
2. Basis of accounting.
3. Objectives of audit.
4. Funds to be audited (including component units).
5. Federal programs.
6. Additional audit requirements.
7. Reports to be issued.
8. Nonaudit services to be performed and independence restrictions.
9. The audit will be conducted in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and Government Auditing Standards, issued by the Comptroller General of the United States.

B. Timing of:

1. Fieldwork.
2. Release of report.

C. Availability of records.

D. Working space arrangements, if applicable.

E. Extent of internal audit/other client assistance.

COUNTY Sample County

June 30, 2008

PLANNING CONFERENCE ENTRANCE -
BOARD OF SUPERVISORS/COUNTY AUDITOR

Discussed?

F. Auditor's responsibilities for:

1. Obtaining an understanding, testing and reporting on internal controls and compliance with laws and regulations (discussion of par. 4.07 of Government Auditing Standards may be helpful).
2. Discovering and reporting contractual compliance violations and questioned costs.
3. Obtaining reasonable, not absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements.
4. Communicating certain matters to audit committee, entity contracting the audit or other party responsible for oversight. (Identify audit committee or other party, if one exists.)
5. Communicating with management if auditor becomes aware that the entity is subject to an audit requirement(s) that is not encompassed in the terms of the engagement.

G. Client responsibilities for:

1. Financial statement assertions and management representation letter accepting such responsibilities.
2. Internal controls.
3. Identifying and ensuring the County complies with all laws, rules and regulations that may have a direct and material effect on the financial statement amounts and for disclosing all known instances of non-compliance.
4. Making available all financial records and related information.
5. Providing auditor with representation letter at completion of audit including an affirmation that uncorrected misstatements are immaterial.
6. Adjusting the financial statements to correct material misstatements.
7. Preparing required supplementary information (RSI), including management's discussion and analysis (MD&A), and other supplementary information, if applicable.

COUNTY Sample County**June 30, 2008****PLANNING CONFERENCE ENTRANCE -**
BOARD OF SUPERVISORS/COUNTY AUDITORItemsDiscussion

- H. Status of prior year's audit comments.
- I. Personnel changes.
- J. Accounting problems during the year.
- K. Pending litigation.
- L. Significant accounting policies.
- M. Extent of computerized books and records.
- N. Related party/business transactions.
- O. Potential component units, including changes from the prior year and entities which the County is acting as the fiscal agent.
- P. 28E Organizations in which the County is a participant.
- Q. Understanding of fee and billing arrangements.
- R. Additional items for audit planning:
 - 1. New capital projects or completion of projects from prior year.
 - 2. New grants or completion of grants from prior year.
 - 3. New revenue sources (local option sales tax, gaming tax, etc.)
 - 4. Debt issuances or refunding/retirement of debt.
 - 5. Significant changes in County's budget from prior year and/or significant amendments to County's current year budget.
 - 6. Others.

COUNTY Sample County

June 30, 2008

PLANNING CONFERENCE ENTRANCE -
BOARD OF SUPERVISORS/COUNTY AUDITOR

Items

Discussion

- S. GASB Statements 43/45 implementation requirements (See separate OPEB planning conference form in GF-2 section)
- T. GASB 34 – Inquire as to whether any funds have been identified as discretionary major funds.
- U. Inquire of management about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.
- V. Inquire of management about the existence of a program for preventing, deterring or detecting fraud. If a program exists, determine if fraud risk factors have been identified.
- W. Inform management about the auditor's responsibilities to inquire of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with SAS 99.
- X. Inquire of management about the existence of any known limitations on the audit.
- Y. Other Discussion items
- Z. Discuss the views of those charged with governance about the following items:
 - 1. The appropriate person in the County's governance structure with whom to communicate.
 - 2. The allocation of responsibilities between those charged with governance and management.
 - 3. The County's objectives and strategies, and the related business risks that may result in material misstatements.
 - 4. Matters considered to warrant particular attention during the audit and any areas where they request additional procedures be undertaken.
 - 5. Significant communications with regulators.

COUNTY Sample County**June 30, 2008****PLANNING CONFERENCE ENTRANCE -
BOARD OF SUPERVISORS/COUNTY AUDITOR**ItemsDiscussion

6. Other matters relevant to the audit of the financial statements.
7. The attitudes, awareness and actions of those charged with governance concerning:
 - a) the County's internal control and its importance in the County;
 - b) how those charged with governance oversee the effectiveness of internal control;
 - c) the detection or the possibility of fraud.
8. The actions of those charged with governance in response to developments in financial reporting, laws, accounting standards and other related matters.
9. The actions of those charged with governance in response to previous communications with the auditor.

Acknowledgement*:

Board of Supervisor	Date
Audit Committee	Date
County Auditor	Date

- * Audit standards require the auditor to communicate the responsibilities for the engagement and discuss other items with the officials listed. The next pages can be used to make the required communications to any of the officials who were not present at the entrance conference.

COUNTY Sample County**June 30, 2008****COMMUNICATION WITH AUDITEE OFFICIALS**

Audit standards require we communicate the following information to you as
_____ (title) of _____ (entity):

AUDITOR'S RESPONSIBILITIES:

1. Obtain an understanding, test and report on internal controls and compliance with laws and regulations:

Tests of internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements in a financial statement audit contribute to the evidence supporting the auditors' opinion on the financial statements or other conclusions regarding financial data. However, such tests generally are not sufficient in scope to opine on internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant agreements.

2. Discover and report significant contractual compliance violations and questioned costs.
3. Obtain reasonable, not absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. Express opinions on the financial statements based on our audit.
4. Communicate certain matters to audit committee, entity contracting the audit or other party responsible for oversight.
5. Communicate with management if auditor becomes aware that the entity is subject to an audit requirement(s) that is not encompassed in the terms of the engagement.

ENTITY'S RESPONSIBILITIES:

1. Accept responsibility for financial statement assertions and sign a management representation letter accepting these responsibilities. The financial statement assertions are: existence or occurrence; completeness; rights and obligations; valuation and allocation; presentation and disclosure.
2. Maintain a system of internal control.

Internal control is defined as a process effected by an entity's governing board, management and other personnel designed to provide reasonable assurance regarding achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

3. Identify and ensure the entity complies with all laws, rules and regulations that may have a direct and material effect on the financial statement amounts and for disclosing all known instances of non-compliance.
4. Make available all financial records and related information.
5. Provide auditor with signed management representation letter at completion of audit including an affirmation that uncorrected misstatements are immaterial.
6. Adjust the financial statements to correct material misstatements.
7. Prepare required supplementary information (RSI), including management's discussion and analysis (MD&A), and other supplementary information, if applicable.

COUNTY Sample County**June 30, 2008****COMMUNICATION WITH AUDITEE OFFICIALS**

Audit standards require certain items be discussed with those charged with governance.

ItemsDiscussion

Discuss the views of those charged with governance about the following items:

1. The appropriate person in the County's governance structure with whom to communicate.
2. The allocation of responsibilities between those charged with governance and management.
3. The County's objectives and strategies, and the related business risks that may result in material misstatements.
4. Matters considered to warrant particular attention during the audit and any areas where they request additional procedures be undertaken.
5. Significant communications with regulators.
6. Other matters relevant to the audit of the financial statements.
7. The attitudes, awareness and actions of those charged with governance concerning:
 - a) the County's internal control and its importance in the County;
 - b) how those charged with governance oversee the effectiveness of internal control;
 - c) the detection or the possibility of fraud.
8. The actions of those charged with governance in response to developments in financial reporting, laws, accounting standards and other related matters.
9. The actions of those charged with governance in response to previous communications with the auditor.

Acknowledgement:

Representative _____

Date _____

COUNTY **Sample County****June 30, 2008****OPEB PLANNING CONFERENCE**

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(A) Explain OPEB to the auditee.

- Discussion should include implicit rate subsidy OPEB which will apply to most counties.

(B) Determine and document whether the County has an OPEB.

- County and auditor should review policies, union contracts, employment contracts, retirement plans, etc. **Check applicable items below:**

_____ County has an explicit OPEB – briefly describe plan

_____ County has an implicit OPEB

- This will apply to all counties that provide health/medical benefits to current (active) employees
- Will apply in most counties

_____ County does not have an OPEB (**not likely an option, see implicit OPEB above**)(C) If the County has an OPEB (explicit, implicit or both), determine and document when the County must implement the provisions of GASB Statement 45. **Check applicable item below:**

- Phased in implementation – based on applicable GASB Statement 34 implementation phase:

_____ Phase I – fiscal 2008

- Fiscal 1999 revenues of \$100 million or more

_____ Phase II – fiscal 2009

- Fiscal 1999 revenues of at least \$10 million, but less than \$100 million

_____ Phase III – fiscal 2010

- Fiscal 1999 revenues less than \$10 million

COUNTY Sample County

June 30, 2008

OPEB PLANNING CONFERENCE

(D) If the County has an OPEB (explicit, implicit or both), determine and document whether the entity must obtain an actuarial valuation and how often using the following guidance from GASB Statement 45:

- Actuarial valuation requirements – **check the option that applies:**

_____ For plans with total membership of 200 or more

- Opinion must be acquired at least biennially (every two years)

_____ For plans with total membership of less than 200

- Opinion must be acquired at least triennially (every three years)

_____ For plans with total membership of less than 100

- County allowed to use an Alternative Measurement Method to determine required information.
- Discuss feasibility of the Alternative Measurement Method

_____ Check here if County plans to pursue using this method

- **NOTE:** New valuation should be performed if, since the previous valuation, significant changes have occurred that would affect the results of the valuation (changes in benefit provisions, size or composition of population covered, medical trend rates).
- Determining plan membership – sum of the following:
 1. Employees in active service (those that will draw a benefit from the plan)
 2. Terminated employees who have accumulated benefits but are not yet receiving them
 3. Retired employees and beneficiaries of deceased retirees currently receiving benefits

(E) Discuss when the County should begin the process of obtaining an actuarial valuation:

- For counties required to implement in fiscal 2009 – start **early FY09**
- Actuary opinion must be completed (dated) no more than 24 months prior to the start of the period covered by the valuation (not even one day sooner).
- Where to locate an actuary:
 - Iowa Insurance Division lists actuaries currently performing in the State of Iowa
 - http://www.iid.state.ia.us/about_us/ProductReg/LifeHealth/docs/509a-act.htm
- Discuss possible use of RFP process for procuring an actuary

(F) Discuss implementation requirements for component units, if any.

- Component units (CU) must implement in the same year as the primary government (PG)

COUNTY **Sample County****June 30, 2008****OPEB PLANNING CONFERENCE**

- Blended CU – may be included in the PG actuarial valuation. Actuarially determined OPEB liability and related amounts may be blended with the PG information/amounts.
 - Discrete CU – may be included in the PG actuarial valuation. Discrete CU's proportionate share of the actuarially determined OPEB liability and related amounts must be determined for separate reporting.
- (G) Discuss the necessity of having actuary prepare separate OPEB liability/expense calculations for BTA/enterprise department/fund employees.
- These separate amounts will be needed to report OPEB liability/expense in the separate enterprise funds
 - Separate information for BTA versus GA will be needed for the note disclosures and RSI information
- (H) Discuss effect on audit opinion if County does not implement GASB Statement 45.
- Qualified or adverse opinion on financial statements
 - ◆ Likely adverse since it will be difficult to determine materiality without the actuarial information
- (I) Discuss potentially adverse effect on bond rating

Acknowledgement:

County Auditor/Finance Director

Date

COUNTY Sample County

PLANNING CONFERENCE
ENTRANCE - COUNTY TREASURER

Date _____

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Items

Discussion

- A. Scope of Audit:
- 1. Period to be audited.
 - 2. Objectives of audit.
 - 3. Funds to be audited.
 - 4. Federal programs.
 - 5. Additional audit requirements.
 - 6. Nonaudit services to be performed and independence restrictions.
- B. Timing of:
- 1. Fieldwork.
 - 2. Release of report.
- C. Availability of records.
- D. Working space arrangements, if applicable.
- E. Extent of internal audit/other client assistance.

COUNTY Sample County**PLANNING CONFERENCE**
ENTRANCE - COUNTY TREASURER

Date: _____

Time: _____

ItemsDiscussion

Discussed?

F. Auditor's responsibilities for:

1. Obtaining an understanding, testing and reporting on internal controls and compliance with laws and regulations (discussion of par. 4.07 of Government Auditing Standards may be helpful).
2. Discovering and reporting contractual compliance violations and questioned costs.
3. Obtaining reasonable but not absolute assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements.
4. Communicating certain matters to audit committee, entity contracting the audit or other party responsible for oversight. (Identify audit committee or other party, if one exists..)
5. Communicating with management if auditor becomes aware that the entity is subject to an audit requirement(s) that is not encompassed in the terms of the engagement.

G. Client responsibilities for:

1. Financial statement assertions and management representation letter accepting such responsibilities.
2. Internal controls.
3. Identifying and ensuring the County complies with all laws, rules and regulations that may have a direct and material effect on the financial statement amounts and for disclosing all known instances of non-compliance.
4. Making available all financial records and related information.
5. Providing auditor with representation letter at completion of audit including an affirmation that uncorrected misstatements are immaterial.
6. Adjusting the financial statements to correct material misstatements.

H. Status of prior year's audit comments.

I. Personnel changes

COUNTY Sample County**PLANNING CONFERENCE**
ENTRANCE - COUNTY TREASURER**Date:** _____**Time:** _____ItemsDiscussion

- J. Accounting problems during the year.
- K. Pending litigation.
- L. Significant accounting policies.
- M. Extent of computerized books and records.
- N. Related party/business transactions.
- O. Inquire of Treasurer about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.
- P. Inform Treasurer about the auditor's responsibilities of inquiring of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with SAS 99.

Acknowledgement:

County Treasurer_____
Date

COUNTY Sample County**PLANNING CONFERENCE**
MANAGER**Date:** _____**Time:** _____ItemsDiscussion

- A. Last year's items for next year's audit
- B. Significant findings from audit planning.
- C. Single Audit requirements, if applicable.
- D. Results of obtaining an understanding of internal controls.
- E. Nonaudit services to be performed and results of evaluation of Independence impairment.
- F. Significant audit program modifications.
- G. Risk assessment summary (RAS) including planned audit approach.
- H. Audit time budget:
 - 1. Staff scheduling.
 - 2. Release of report.
 - 3. Budget variances.
- I. Other.

Copy of planning conference and RAS summary provided to Deputy

Deputy _____

Date _____

REVIEW OF MINUTES

[illegible]

COUNTY Sample County**June 30, 2008****FINANCIAL STATEMENT ASSERTIONS****ASSERTION DEFINITIONS:****Account Balances:**

- (1) Existence – assets, liabilities and equity interests exist.
- (2) Rights and Obligations – the entity holds or controls the rights to assets, and liabilities are the obligations of the entity.
- (3) Completeness – all assets, liabilities and equity interests that should have been recorded have been recorded.
- (4) Valuation and Allocation – assets, liabilities and equity interests have been included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

Classes of Transactions:

- (5) Occurrence – transactions and events that have been recorded have occurred and pertain to the entity.
- (6) Completeness – all transactions and events that should have been recorded have been recorded.
- (7) Accuracy – amounts and other data relating to recorded transactions and events have been recorded appropriately.
- (8) Cut off – transactions and events have been recorded in the correct accounting period.
- (9) Classification – transactions and events have been recorded in the proper accounts.

Presentation and Disclosure:

- (10) Occurrence and Rights and Obligations – disclosed events and transactions have occurred and pertain to the entity.
- (11) Completeness – all disclosures that should have been included in the financial statements have been included.
- (12) Classification and Understandability – financial information is appropriately presented and described and disclosures are clearly expressed.
- (13) Accuracy and Valuation – financial and other information are disclosed fairly and at appropriate amounts.

COUNTY Sample County**TRIAL BALANCE****June 30, 2008**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objective and Related Assertion:					
A. Provide a document which links the report or financial statements to supporting workpapers. (12)					
Audit Procedures:					
A. Obtain or prepare working trial balances by fund type, fund, function and objective class as needed. If prepared by auditor, determine that independence will not be impaired.	A				
1. A separate trial balance should be prepared for each fund.					
2. Account classifications should be minimized and consistent with the GASB codification and/or the sample report.					
3. Foot the working trial balances to verify their accuracy, if applicable.					
4. Document the source of the information for the beginning balance amounts.					
B. Record, as necessary, accrual activity and adjusting journal entries.	A				
1. The adjusting journal entries should be consolidated on a separate page, numbered, briefly explained or described and referenced to supporting workpapers.					
2. Obtain and document County concurrence and approval for adjusting journal entries.					
3. Reconcile reversing journal entries with prior year report.					
C. Record reclassifications as necessary.	A				
1. The reclassification entries should be consolidated on a separate page, lettered, briefly explained or described and referenced to supporting workpapers if possible.					
2. Determine amounts due to/from Agency Funds are eliminated and recorded as cash adjustments.					
3. Inform the County of all reclassifications which they should be cognizant of and receive their concurrence.					
D. Reference the amounts to supporting workpapers. (The adjusted trial balance amounts should be referenced to supporting workpapers.	A				
E. Prepare closing entries for each fund.					
F. Reconcile the County's June 30 GAAP basis annual financial report to revenues, expenditures and fund balances per the trial balances.	A				

TRIAL BALANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>G. For each proprietary fund, prepare a cashflow worksheet. The worksheet should reconcile the changes in assets, liabilities and fund equity and the operating statement activity to the cash flows for each fund. Reference the amounts on the cashflow worksheets to supporting workpapers.</p> <p>H. Record full accrual entries for the entity-wide statements.</p> <ol style="list-style-type: none"> The entries should be briefly explained or described and referenced to supporting workpapers. Information should be sufficient to prepare reconciliation between fund financials and entity-wide statements. Reconcile reversing journal entries with prior year report. Review receipt classifications for proper reporting on entity-wide statement. Allocate Internal Service Funds net profit/loss to the functions that benefited from the services provided. Eliminate interfund governmental activity including interfund receivables and payables and transfers. Obtain County concurrence for full accrual journal entries. Prepare journal entries necessary to restate the beginning of the year to full accrual. <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for trial balances, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div> <div>Incharge</div> <div> <div>Manager</div> <div>Independent Reviewer</div> </div> <div> <div>Date</div> <div>Date</div> <div>Date</div> </div> </div>	A				

COUNTY Sample County**GENERAL LEDGER****June 30, 2008**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objective: A. General ledger components are complete and supported by appropriate detailed records. Audit Procedures: A. General Ledger <ol style="list-style-type: none"> 1. Obtain or prepare a working statement of cash transactions (general ledger). <ol style="list-style-type: none"> a. If prepared by client, foot and crossfoot. b. Trace the following components of the general ledger to the supporting receipt and disbursement journals. <ol style="list-style-type: none"> 1) Current tax 2) Mobile home tax 3) Delinquent tax 4) Miscellaneous receipts 5) Transfers 6) Warrants/checks issued and outstanding c. Ascertain that the Treasurer's semiannual settlement agrees with the general ledger total and individual fund balances and to the County's annual financial report. d. Trace warrants/checks issued for the individual funds to the County Auditor expenditure records. e. Trace selected totals to the County's trial balances to determine accuracy of receipts and disbursements per trial balances. 2. Determine the annual report published by the County Auditor reconciles to the County's accounting records. <ol style="list-style-type: none"> a. Investigate variances. Consider adjustments and/or comment for material variances. b. Non-material variances should be discussed with client. c. Consider report comment recommending amendment and refile for variances in ending fund balances or material variances in line items. 3. Determine that the fund balance of each fund is separately stated and that the unexpended balance of any special fund is properly accounted for. 4. Identify the nature of each trust and agency fund and any restrictions on their use. 	A				

COUNTY Sample County**GENERAL LEDGER****June 30, 2008**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
5. If a single fund is used to account for risk financing activities, determine whether self-insurance is properly recorded in the General Fund or as an Internal Service Fund rather than an Agency Fund. 6. Determine that the restrictions on the use of funds, if any, have not been violated. 7. Ascertain reasons for ending deficit account balances, discuss alternatives for corrective action with County officials, and, if appropriate, include comment in report. Document County's plans to eliminate deficits, if any. 8. Review general ledger for dead or inactive funds and recommend necessary transfers, if appropriate. 9. If a governmental fund balance is in excess of current year expenditures, discuss with County to determine if they have any specific plans for the money. Document findings. If they have no plans, determine if a report comment is appropriate. 10. Document findings and identify purpose of any contingency. 11. Determine if the County acts as a protective payee or conservator on behalf of others. (Auditor may need to inquire of various departments such as County Auditor, County Treasurer, Board of Supervisors, General Relief or Central Point of Coordination office). a. Review the internal controls over the accounts for sufficiency. b. Obtain a listing of the account(s) activity and balances for the year for inclusion as an Agency Fund in the County's financial statements. c. Confirm bank account balances at year-end. d. Perform tests of the deposits and expenditures as appropriate. e. On a test basis, review the files maintained for each individual and determine if appropriate supporting documentation exists to support expenditures made from the account(s). B. Examine journal entries recorded in the general ledger and other adjustments made directly to the financial statements. (AU 316.58 and AU 318.52) 1. Scan the general ledger and select specific journal entries including material journal entries for testing. Document the items selected. 2. Examine the related accounting records and supporting documents or ensure selected items have been examined as part of testing performed in individual transaction cycle audit programs.					

COUNTY Sample County**GENERAL LEDGER****June 30, 2008**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Identify and consider the appropriateness of significant adjustments to general ledger balances made in the preparation of financial statements. Examine whether supporting documentation agrees to amounts in the audit workpapers, where tested. 4. Make inquiries of employees involved in the financial reporting process about the possibility of unusual or improper journal entries. C. Subsidiary Ledgers 1. Confirm payments to other entities on a test basis and reconcile to subsidiary ledgers. a. Cities b. Schools c. Townships and fire districts d. Special assessments e. Community colleges 2. Perform alternate procedures for non-replies. D. Outstanding Warrants/Checks 1. Obtain a list of outstanding warrants/checks at the end of the period under audit and foot for accuracy. The list should include warrant number/check and date written. 2. On a test basis, examine warrants/checks paid from July 1 through the date of our fieldwork. Document date cleared for items tested. 3. Examine supporting documentation for all warrants/checks over \$_____ which were not paid by July 31. List payee. Ascertain and document subsequent disposition. 4. Determine whether the County is writing and holding warrants/checks at June 30, and comment accordingly. Propose adjustments for material amounts of warrants/checks held. If not adjusted, consider necessity of modifying auditor's opinion. 5. Trace totals of outstanding warrants/checks by fund to the general ledger. E. Stamped warrants 1. Determine that stamped warrants were included as expenditures at the time of issuance, rather than at the time of redemption. F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.	A				
	A				

GENERAL LEDGER

[illegible]

COUNTY Sample County**June 30, 2008****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Cash in the combined balance sheet is on hand, in transit, or on deposit with third parties (depositories) in the name of the County. (1,2)					
B. All cash of the County is included in the combined balance sheet. (3)					
C. Cash balances reflect a proper cut-off of receipts and disbursements, and are stated at the correct amounts. (4)					
D. Cash balances are presented properly by fund type, restricted cash is presented separately by fund type, and related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. Cash on Hand	A,B,C				
1. Determine locations, custodians, and amounts of all cash funds and select funds to be counted. (Coordinate with examination of investments on hand, in separate audit program section.)					
2. For funds selected, count and list all cash and cash items. Obtain custodian signature for return of cash.					
3. Reconcile to daily cash book.					
4. Determine and document reason for any unusual items such as employee and officials checks.					
5. Ascertain reason for checks not deposited immediately.					
6. Determine that all checks were properly endorsed.					
7. Determine frequency of petty cash replenishment.					
8. Determine petty cash payments are reasonable and authorized.					
9. At June 30:					
a. Trace cash count components to the total of the respective receipt registers.					
b. Trace to Treasurer's semiannual settlement.					
c. Trace cash and checks on hand to subsequent deposit in bank.					
d. Determine if deposits were made on a timely basis.					
B. Undeposited Receipts	A,C				
1. Determine whether prenumbered receipts were made immediately for all undeposited receipts at the end of the year and that subsequent deposit agrees with books and bank.					
2. Obtain explanations for variances and document findings/conclusions.					

COUNTY Sample County**June 30, 2008****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
C. Cash In Bank					
1. Confirm ending bank balances and authorized check signers.	A,B,C				
2. Determine and document that confirmed authorized check signers are current County employees who should sign checks.					
3. If appropriate, request a cut-off bank statement and related paid checks directly from the bank for ____ days following the balance sheet date.					
4. If a cut-off bank statement was not received, obtain bank statement and paid checks for the month immediately following year-end and perform these procedures:	C				
a. Scrutinize bank statement for erasures and prove mathematical accuracy of statement (withdrawals equal opening balance plus deposits minus closing balance).					
b. Ascertain that the total of paid checks and debit memos equal total withdrawals per bank statement.					
c. Examine the paid date of each check to ascertain that the check was paid by the bank during the period covered by the bank statement.					
d. Ascertain that the opening balance equals the closing balance from the previous bank statement.					
5. Obtain or prepare bank reconciliations for bank accounts as of year-end:	A,B,C				
a. If prepared by client, foot bank reconciliation.					
b. Reconcile bank balances with general ledger.					
c. Obtain or prepare a list of checks outstanding at June 30. Include check number, amount, and date written.					
d. Verify, on a test basis, that listed outstanding checks cleared the bank after June 30.					
e. Examine documentation supporting outstanding checks over \$_____ which did not clear the bank by July 31 and list payee. Ascertain and document subsequent disposition.					
f. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank.					
g. Identify, document and determine the propriety of other reconciling items.					
h. Determine whether the County is writing and holding checks at June 30. Comment accordingly.					
1) Determine whether amount is material.					

CASH

[illegible]

COUNTY Sample County**June 30, 2008****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Investment balances are evidenced by securities or other appropriate legal documents either physically on hand or held in safekeeping by others and include all the County's investments. (1,2,3)					
B. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)					
C. Investments are properly described and classified in the combined balance sheet and related disclosures, including restrictions and commitments, are adequate. (10,11,12,13)					
Audit Procedures:					
A. Obtain or prepare a schedule of all investment transactions for the year including investments owned as of year end. For U.S. Government securities, the schedule should list the par value of the security in addition to its cost.					
1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.	A,B				
2. Determine that all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.	A				
4. Examine investments on hand and trace to schedule or investment record.	A,B				
5. If the County has investments in government securities, sight actual investment certificate if held by the County, or confirm ownership with outside safekeeping agent.	A				
6. For investments held by the County at the end of the year not able to be inspected because they were sold prior to our audit, vouch sale of securities to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				
B. Confirm investments at the end of the year.	A,B				
C. Determine if a fiduciary relationship exists between the County and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the County and the Section 457 plan, the County offers investment advice or the County is involved in the administration of the plan.)	A,B				
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a Pension Trust Fund, in accordance with GASB 32.					
2. Confirm material deferred compensation plan assets at the end of the year.					

COUNTY Sample County**June 30, 2008****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. If no fiduciary relationship exists, the plan assets should not be displayed on the face of the financial statements, and disclosure is not required.					
D. Related Income	B				
1. Recalculate interest on a test basis.					
2. Compute accrued interest receivable at June 30, if significant.					
3. Determine that all June 30 unrecorded interest has been recorded to the credit of the appropriate fund.					
E. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	C				
F. Determine that investments are reported at fair value in accordance with GASB 31. The change in fair value is recorded as net increase (decrease) in the fair value of investments.	B				
G. Document investment information for footnote disclosure in accordance with GASB 40 as follows:	C				
1. Investments on hand at June 30 should be listed by type and include maturities.					
2. Include the appropriate disclosures for the applicable risks:					
a. Credit risk					
b. Custodial credit risk					
c. Concentration of credit risk					
d. Interest rate risk					
e. Foreign currency risk					
H. If the County has investments in derivatives, determine that appropriate disclosures are made in accordance with FASB 133, FASB 138, FASB 149, FASB 155 and SAS 92.	C				
I. If the County has transferred financial assets or entered into a servicing contract for assets or liabilities, determine that the appropriate disclosures and assets or liabilities are recorded in accordance with FASB 140.	C				
J. If the County participates in security lending transactions, determine that the transactions are properly reported and the appropriate disclosures are made in accordance with GASB 28.	C				
K. If the County has investments with no observable market price, determine the method of measurement of fair value and evaluate for propriety in accordance with AU Section 328.	B				
L. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
M. Determine whether investments are properly classified and related disclosures are adequate.	C				

June 30, 2008

INVESTMENTS

[illegible]

June 30, 2008

RECEIVABLES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions: A. Accounts receivable are valid and have been billed in the proper amounts, for services rendered. (1,2,4) B. Accounts receivable include all amounts still owed for activities through the end of the period. (3) C. An adequate allowance for uncollectible accounts has been established, and revenue, accounts receivable and related disclosures are adequate and properly presented in the combined financial statements. (4,10,11,12,13)					
Audit Procedures: A. Obtain or prepare schedules of receivables. <div style="margin-left: 20px;"> 1. The schedules should include: <div style="margin-left: 20px;"> a. Property tax receivable b. Mobile home tax receivable c. Succeeding year property tax receivable (GASB 33) d. Accounts receivable e. Accrued interest f. Amounts due from other governments (Including grants) g. Amounts due from other funds h. Special assessments i. Drainage assessments j. Interest and penalty on property tax k. Other (list): <hr/><hr/><hr/><hr/> </div> </div> <div style="margin-left: 20px;"> 2. Reconcile receivables to the trial balance. 3. Confirm material receivables, if applicable, and investigate any discrepancies. 4. Document reason(s) for not confirming. </div>					
B. Alternative procedures to confirmation.	A				
<div style="margin-left: 20px;"> 1. Perform tests to verify that receivables represent goods/services performed prior to June 30. 2. Trace receivables to subsequent receipt and deposit. </div>					
C. Test for deposits made in the next year to determine if amounts should have been recorded as a receivable in the current year.	B				
D. Determine that interfund receivables and payables reconcile and trace to approvals.	A,B				

RECEIVABLES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
E. Determine the necessity for or adequacy of the allowance for doubtful accounts.	C				
F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
G. Determine whether receivables are properly classified and disclosures are adequate.	C				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for receivables, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

PREPAID EXPENSES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Prepaid expenses are properly recorded and represent a complete listing of material costs that are allocable to future periods, and are properly amortized on a basis consistent with that used in prior periods. (1,2,3,4)					
B. Prepaid expenses are properly described and classified and related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. Obtain or prepare a schedule of material prepaid expenses.	A				
B. Examine supporting documentation and verify reasonableness of computed prepaid amounts.	A				
C. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
D. Determine whether prepaid expenses are properly classified and disclosures are adequate.	B				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for prepaid expenses, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

COUNTY Sample County**June 30, 2008****INVENTORY**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Inventory recorded represents a complete listing of materials and supplies owned by the County and such assets are physically on hand. (1,2,3)					
B. Inventory listings are accurately priced, extended, footed and summarized and the totals are properly reflected in the accounts. (4)					
C. Inventory is properly classified by fund type in the combined balance sheet and disclosure is made of related equity reserve if appropriate. (10,11,12,13)					
Audit Procedures:					
A. Inventory Observation	A				
1. Test count a selection of items. Count items of larger dollar and quantity amounts.					
2. Trace amounts of inventory per listing to amounts on hand.					
3. Trace amounts of inventory on hand to amounts on listing.					
4. Obtain cut-off information.					
5. Document any reason(s) inventories were not observed.					
B. Obtain a final inventory listing at June 30 and trace auditor's counts into this listing.	A,B				
1. Foot listing and test extensions of selected items for mathematical accuracy.					
2. Review list for reasonableness.					
3. Evaluate cut-off procedures.					
C. Price Tests	B				
1. Determine inventory valuation method.					
2. Make a list of inventory items to be price tested and request County to locate invoices.					
3. Verify unit costs of inventory items selected.					
4. If applicable, trace to perpetual records.					
D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
E. Determine whether inventories are properly classified and disclosures are adequate.	C				

June 30, 2008

INVENTORY

[illegible]

COUNTY Sample County

June 30, 2008

CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions: A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed, or leased by the County, and are physically on hand. (1,2,3,4) B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the period. (1,2,3,4) C. "Deletions" of capitalized costs and, if applicable, related depreciation associated with all sold, abandoned, damaged, or obsolete capital assets have been removed from the accounts. (1,2,3,4) D. Depreciation and the related allowance account has been computed on an acceptable basis consistent with that used in the prior year. (4,7) E. Capital expenditures and capital assets are properly classified by fund or type of activity in the combined financial statements, and related disclosures are adequate. (10,11,12,13) Audit Procedure: A. Obtain a reconciliation of capital asset activity for the fiscal year. B. Document the capitalization policy for each class of asset. C. Trace a selection of additions to list of assets. <ol style="list-style-type: none"> 1. Determine that major additions were authorized by the Board. 2. Determine that classification as an asset, rather than repair and maintenance expense, is consistent with policy. 3. Observe existence of the capital asset addition. 4. If capital asset additions were not included in expenditure test population, examine invoices and other supporting documentation for each tested addition. 5. For reporting: <ol style="list-style-type: none"> a. Identify related expenditure functions for capital asset additions. Prepare journal entry to eliminate these expenditures from entity wide statements. b. Determine the amount of revenue to be recorded as contributions from other governments for the addition of capital assets that were acquired through expenditures made by other governments. 	B				

COUNTY Sample County**June 30, 2008****CAPITAL ASSETS**

PROCEDURE	OBJ.	DON E BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. Analyze the capital projects expenditures to determine completeness of capital asset additions and discuss with county management whether uncapitalized expenditures should be reclassified to repair and maintenance. d. For construction in progress, determine and document the status at year-end. 					
D. Deletions:	C				
<ul style="list-style-type: none"> 1. Trace to supporting documentation. 2. Trace to authorization. 3. Trace proceeds to cash receipt journal. 4. Determine the gain/loss on disposal of capital assets. 					
E. Trace a selection of capital assets to physical existence.	A				
<ul style="list-style-type: none"> 1. Select items to trace from the listing to the actual asset. 2. Select items to trace from the actual asset to the listing. 					
F. Foot additions, deletions and capital asset listing.	A,B,C, D				
G. Depreciation:	D				
<ul style="list-style-type: none"> 1. Document depreciation policy and useful lives used by each class of asset. 2. Determine if depreciation methods and useful lives are consistently applied. 3. Verify mathematical accuracy. 4. Test computation of depreciation expense and extension of accumulated depreciation. 5. Evaluate whether the remaining useful lives of assets are reasonable based on normal operations. 6. If depreciation schedule is prepared by auditor, determine that independence has not been impaired. 					
H. Analyze equipment leases to determine if they meet FASB 13 and FASB 145 criteria.	A				
I. If an impairment of capital assets exists under GASB 42 criteria:	C,E				
<ul style="list-style-type: none"> 1. Determine appropriate adjustments were made to the asset valuation. 2. Determine required disclosures were included for capital asset impairments. 3. Determine insurance recoveries on impaired assets were properly recorded. 					

CAPITAL ASSETS

[illegible]

COUNTY Sample County

June 30, 2008

CURRENT LIABILITIES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Liabilities at the balance sheet date are properly supported. (1)					
B. Liabilities are properly authorized, represent the correct amounts of currently payable items in the proper period and reflect all outstanding obligations. (2,3,4)					
C. Liabilities are properly recorded, classified and disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. Current Liabilities					
1. Obtain or prepare a list of payables and identify amounts as follows:					
a. Accounts payable.					
b. Accrued payroll and payroll taxes.					
c. Due to other funds.					
d. Due to other governments.					
e. Contracts payable (including retainage, if applicable).					
f. Accrued interest.					
g. Matured portion of accrued compensated absences for governmental funds.					
h. Estimated losses from loss contingencies (including incurred but not reported claims relating to self insurance funds).					
i. Matured portion of termination benefits for governmental funds.					
j. Other.					
2. Foot listings for accuracy.					
3. Test the accuracy and classification of recorded liabilities by examining supporting documentation.	A,B,C				
B. Deferred Revenue					
1. Determine that a deferred revenue account is established for delinquent property taxes, succeeding year property taxes, and other revenues that have been accrued that are measurable but not available.	B				
2. Determine reasonableness of deferred accounts.					
3. Trace to supporting documentation.	A,B				
C. Anticipatory Warrants					

COUNTY Sample County**June 30, 2008****CURRENT LIABILITIES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
1. Obtain or prepare a schedule of obligations outstanding at year-end and reconcile to obligations outstanding at the beginning of the year, obligations issued during the year and obligations redeemed during the year.	A,B				
2. Confirm end of year balances of anticipatory warrants.	A,B				
3. Trace receipts of such obligations into the cash receipts journal and bank statements.					
4. If proceeds are not recorded in cash receipts journal, trace to subsidiary ledger and prepare recommended adjustment to properly record these transactions and reflect them in the fund balance.					
5. Obtain information on interest paid during the year and payment date. Recompute interest paid on a test basis.					
6. Determine that anticipatory warrants redeemed were recorded as an expenditure at the time of redemption.					
7. Anticipatory warrants issued and redeemed during the year should be included as other financing sources and uses, respectively.					
8. Include the amount of outstanding anticipatory warrants at June 30 on the balance sheet as anticipatory warrants payable.					
D. Unrecorded Liabilities					
1. Perform a search for unrecorded liabilities, including the following sources, and schedule findings to show the effect of the potential adjustment on operations or financial position:	B				
a. Examine files of receiving reports unmatched with vendors' invoices, searching for significant items received on or before the balance sheet date.					
b. Inspect files of unprocessed invoices and vendors' statements for unrecorded liabilities.					
c. Review the cash disbursements journal for disbursements after the balance sheet date; obtain and examine supporting detail for each disbursement of \$ _____ and over and determine that accounts payable as of the balance sheet date were properly recorded.					
d. Determine that all mental health billings for services provided prior to June 30 were recorded as liabilities, including those paid several months after year-end.					

June 30, 2008

[illegible]

COUNTY Sample County**June 30, 2008****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Debt is authorized, supported and represents a County obligation. (1,2)					
B. All indebtedness of the County is identified, recorded and disclosed. (3,11)					
C. Debt is recorded in the proper fund and/or governmental or business type activities at the proper amount. (4)					
D. Related disbursements or expenditures (including principal and interest payable) and debt proceeds are properly recorded and classified. (4,5,6,7,8,9)					
E. Debt and related restrictions, guarantees and commitments are properly presented in the combined financial statements and the related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. Obtain or prepare a schedule of long-term debt.	A,B				
1. The schedule should include the following:					
a. General obligation bonds.					
b. Lease-purchase agreements/capital leases.					
c. Installment purchase contracts.					
d. Judgments and claims.					
e. Compensated absences:					
1) portion due within one year					
2) portion due after one year					
f. Termination benefits.					
g. Other (list):					
2. Determine the reasonableness of the amounts recorded.	C				
B. General Obligation and Revenue Bonds and Notes					
1. Determine that copies of bond or note provisions (ordinances or resolutions), including refunding bond/note issues and escrow agreements for note disclosure, sales agreements, and/or contracts are included in the permanent file.	A,E				

COUNTY Sample County**June 30, 2008****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Review bond or note provisions for compliance with restrictive and reporting requirements and test adequacy of required account balances and document findings. Document and include any non-compliance in the notes to the financial statements and audit report comment.	E				
3. For revenue bonds and notes, include the required disclosures about specific revenues pledged as required by GASB 48 including:	E				
a. identification of the specific revenue and amount pledged.					
b. purpose of the debt secured by the pledged revenue.					
c. the term of the commitment.					
d. the percentage of the pledged amount to the total for that specific revenue.					
e. a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues.					
4. If bonds or notes are callable, determine if debt service balances are adequate to provide for early retirement of bonds, and if so, determine disposition.					
5. Obtain or prepare a summary of bond or note indebtedness activity for the year by bond or note issue.					
6. Confirm bond activity for registered bonds if County has designated an outside registrar or paying agent.	A,B,C				
7. Determine and document whether a bond or note register is maintained and kept current.					
8. On a test basis, trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled.					
9. Reconcile bonds or notes redeemed and bond or note interest paid to general ledger.	D				
10. Summarize bonds/notes and interest due but not paid at year end.					
11. On a test basis, trace bond/note and interest payments to canceled checks. Determine that payee agrees with bond/note and interest records for registered bonds/notes.	D				
12. Test interest expense for reasonableness and test for the possibility of unrecorded debt.	B				
C. Capital Leases and Installment Purchases					
1. Review lease and installment purchase agreements.	A				

COUNTY Sample County**June 30, 2008****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Identify capital versus operating leases according to FASB 13 and FASB 145 criteria.	E				
3. Determine that initial proceeds were properly recorded as an other financing source and a disbursement was recorded in the proper expenditure account.	D				
4. Obtain or prepare summary of payments for operating and capital leases and installment purchase agreements for the next five years and thereafter.	E				
5. Compare summaries to agreements.					
6. Determine fiscal year rental expense (net of leases for one month or less).					
7. Reconcile to payment schedule.	B,D				
D. Judgments and Claims (See also "Insurance and Self-Insurance" section of audit program)	A,B,D				
1. Obtain a listing of judgments and claims against the County.					
2. Trace to supporting documentation.					
3. Determine if judgments/claims were paid out of the proper fund.					
E. Compensated Absences					
1. Review the County's policies for earned vacation, sick leave and related FICA/IPERS benefits.					
2. Obtain a summary of compensated absences at June 30 and foot the summary.	A				
3. Determine the amounts have been determined in accordance with the provisions of GASB 16, including salary-related payments such as employer's share of social security and pension plan contributions, as applicable.	C				
4. Distinguish between:	C,E				
a. Matured portion for retirement or resignation not paid at June 30 for governmental funds.					
b. Long-term portion					
1) due within one year					
2) due after one year					
5. Review for reasonableness.	B				
6. Select amounts to test the validity of compensated absences:	A,B,C, D				
a. Trace to supporting data.					
b. Recalculate hourly rate, number of hours earned, and unused and extensions.					

June 30, 2008

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>c. Determine appropriateness of charges to various funds.</p> <p>F. Termination Benefits</p> <p>1. Review the entity's termination benefits plan and determine that the plan was properly approved.</p> <p>2. Obtain or prepare a list of employees eligible for termination benefits under the plan and the amount of the entity's current year expense and liability as of June 30.</p> <p>3. Distinguish between:</p> <p>a. Matured termination benefits not paid at June 30 for governmental funds.</p> <p>b. Long-term debt</p> <p>1) due within one year</p> <p>2) due after one year</p> <p>4. Select a number of eligible employees under the plan to determine if:</p> <p>a. the employees meet the requirements noted in the policy</p> <p>b. The employees were properly approved for participation in the plan</p> <p>c. the current year expense and liability were properly calculated as of June 30.</p> <p>5. Inquire of entity personnel about other eligible employees not included in the list.</p> <p>6. Prepare the necessary footnote disclosure, including:</p> <p>a. A general description of the termination benefit arrangements, including, but not limited to:</p> <p>1) Information about the type(s) of benefits provided</p> <p>2) The number of employees affected</p> <p>3) The period of time over which benefits are expected to be provided</p> <p>b. The costs of termination benefits in the period in which the employer becomes obligated if the information is not otherwise identifiable from the disclosures on the face of the financial statements.</p> <p>c. The significant methods and assumptions used to determine the termination benefit liabilities and expenses.</p>	<p>A</p> <p>C,E</p> <p>A,B,C, D</p> <p>B</p> <p>E</p>				

COUNTY Sample County**June 30, 2008****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>G. Other long-term debt:</p> <ol style="list-style-type: none"> Determine that other long-term debt (lease-purchase agreements, deferred payment contracts, real estate contracts, loans, TIF development agreements) is included in the financial statements if applicable, is properly disclosed, and that adequate documentation is filed in the workpapers. 	E				
<p>H. Municipal solid waste landfill closure and post-closure costs.</p> <ol style="list-style-type: none"> Obtain copies of applicable federal, state and local laws and regulations affecting MSWLF's that have been approved as of the balance sheet date. Examine documentation supporting capacity data including estimated capacity and current usage or cumulative capacity used (i.e. recent engineering studies, etc.) Examine documentation supporting the following elements of estimated total current costs: <ol style="list-style-type: none"> Equipment and facilities. Final cover. Monitoring and maintenance. Determine reasonableness of the annual adjustment to the estimated total current costs. Determine the current period allocation was properly calculated based on the formula in GASB 18. Determine current period allocation and actual costs were properly recorded. <ol style="list-style-type: none"> Current period allocation recognized as an expense and a fund liability. Determine that equipment and facilities, final cover and monitoring and maintenance costs included in the estimated total current cost are reported as a reduction of the accrued liability when they are acquired. Determine that capital assets used exclusively for the MSWLF and excluded from the calculation of the estimated total current cost of closure and postclosure care will be fully depreciated by the date that the MSWLF stops accepting solid waste. Determine that capital assets used for a single cell and excluded from the calculation of the estimated total current cost of closure and postclosure care are fully depreciated by the date that each cell is closed. 	A,B,C, D				

COUNTY Sample County**June 30, 2008****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>7. Obtain copies of permits or permit renewals to determine approved periods of operation.</p> <p>8. Determine if the County is contingently liable when all or part of responsibility for closure and postclosure care has been transferred to another entity (i.e. 28E organization).</p> <p>a. Determine if the County has agreed to act as local government guarantor of another entity's closure, postclosure care and/or corrective action costs, or has established a local government dedicated fund for the same purpose.</p> <p>b. Consider the financial capability or stability of the assuming entity to meet such obligations when they are due by obtaining recent financial statements of the entity and/or discussions with management.</p> <p>c. Determine the amount of obligation to be reported if it appears that the assuming entity will not be able to meet its obligations and the County will be required to pay closure and postclosure care costs.</p> <p>I. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>J. Determine whether long-term debt is properly classified and disclosures are adequate and in compliance with GASB 23.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for long-term debt, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent _____ Date _____</p> <p>Reviewer _____ Date _____</p>	E				

COUNTY Sample County**June 30, 2008****FUND BALANCE/NET ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. All and only properly authorized reservations and designations of the fund balance are recorded. (1,2,3)					
B. Components of fund balances and changes in fund balances are properly computed and are described, classified and disclosed appropriately in the entity wide and/or fund financial statements. (2,4,10,11,12,13)					
Audit Procedures:					
A. Reconcile beginning and year-end fund balance. (Note: For convenience, the term "fund balance" is used in this section as a broad term to describe all components of fund equity. Fund equity of proprietary fund types consist of net assets, which may have restricted and unrestricted components.)					
B. Analyze and verify the changes in all fund balances and trace to supporting documentation as applicable.	A,B				
C. Determine that the proper amount of fund balance has been reserved for inventories, prepaid expenses, supplemental levies or other items as applicable.	B				
D. Determine on the entity wide statements the proper classification of net assets: 1. Invested in capital assets net of related debt. 2. Restricted net assets. 3. Unrestricted net assets.	B				
E. Determine that reservations and/or designations of fund balances were properly authorized based on review of the minutes, debt agreements, etc. (i.e. amounts maintained in a trust fund for closure/postclosure financial assurance should be recorded as restricted assets.)	A				
F. If REAP funds are recorded in the General Fund, determine that the REAP balance is properly recorded as a reserved fund balance.	A,B				
G. Determine the proper classification of fund balance for report purposes.	B				
H. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

June 30, 2008

FUND BALANCE/NET ASSETS

CONCLUSION:

We have performed procedures sufficient to achieve the audit objectives for fund balances/net assets, and the results of these procedures are adequately documented in the accompanying workpapers.

Incharge	_____	Date	_____
Manager	_____	Date	_____
Independent Reviewer	_____	Date	_____

COUNTY Sample County

June 30, 2008

RECEIPTS/REVENUES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Only revenues that are available and measurable in this fiscal period have been recorded, and are valid. (5,8)					
B. All revenues that are available and measurable in this fiscal period have been recorded. (6,8)					
C. Revenues have been properly billed or charged and have been recorded at the correct amounts. (7)					
D. Revenues are properly classified in the entity wide statements and/or the fund financial statements and related disclosures are adequate. (9,10,11,12,13)					
Audit Procedures:					
A. Property Tax					
1. Perform analytical procedures to test apportionments of current tax, state tax credits, delinquent and mobile home taxes.	A,B,C, D				
a. Determine that the total County levy has been properly allocated among the funds.					
b. Determine that funds collected for other governmental units are properly segregated and apportioned to the proper unit and fund within that unit.					
2. Current Property Taxes					
a. Obtain or prepare a current tax summary workpaper by taxing district.	A,B,C				
b. On a test basis, balance individual tax districts and verify the tax list as follows:					
1) The abstract.					
2) Cash collections.					
3) Suspended tax.					
4) Abatements.					
5) Adjustments.					
6) Amounts becoming delinquent.					
7) Elderly credit authorization.					
c. Review the authority for suspensions, adjustments, or abatements on a test basis.	A,B,C				
d. Confirm state tax credits received and reconcile to the amounts receipted by the Treasurer:					
1) Homestead tax credit.					
2) Agricultural land tax credit.					
3) Military tax credit.					
4) Elderly tax credit.					

COUNTY Sample County**June 30, 2008****RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
5) Family farm credit. 6) Industrial machinery and equipment credit. e. Perform property tax walk-through on properties selected from the County Auditor's plat book through the system ending with receipt of tax or to an entry forwarding the delinquent amount. f. Select receipts for testing from the County Auditor's certified tax list for current and utility tax replacement excise taxes. 1) Determine that the proper tax was charged. 2) Trace the tax to a paid receipt and to the County Treasurer's register of current tax receipts. If not paid, trace to an entry forwarding the delinquent amount. 3) Determine if receipt is properly recorded in the correct taxing district.	C				
3. Delinquent Property Taxes					
a. Trace selected delinquent tax receipts to the delinquent tax register and determine that interest and penalties have been correctly applied.	A,B,C				
b. Determine if receipt is properly recorded in the correct taxing district.	D				
c. Obtain summary of delinquent tax collected.					
d. Obtain or prepare a delinquent tax reconciliation. On a test basis, verify the accuracy of selected districts.	A,B				
e. Trace, on a test basis, delinquent tax, including those still unpaid from prior years, forward to the succeeding year's tax rolls.	B				
4. Mobile Home Taxes					
a. Select items for testing from the County Treasurer's mobile home registration files.					
b. Trace amounts to the mobile home tax list.	A				
c. Determine that the proper tax was charged.	C				
d. Trace collection to treasurer's register of mobile home tax receipts.	A,B				
e. Determine if receipt is properly recorded in the correct taxing district.	D				
5. Special Assessments					
a. Select items for testing from the special assessment register.					

COUNTY Sample County**June 30, 2008****RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Test interest and penalties received for propriety. Interest and penalties should be calculated to the nearest whole dollar. c. Trace collections of assessments, interest and penalties to cash receipt register. d. Determine whether receipt is recorded in the correct taxing district. 	C				
<ul style="list-style-type: none"> c. Trace collections of assessments, interest and penalties to cash receipt register. 	A,B				
<ul style="list-style-type: none"> d. Determine whether receipt is recorded in the correct taxing district. 	D				
6. Drainage Districts					
<ul style="list-style-type: none"> a. Select items for testing from the drainage assessment register. 					
<ul style="list-style-type: none"> b. Test interest and penalties received for propriety. 	C				
<ul style="list-style-type: none"> c. Trace collections of drainage district assessments to cash receipt. 	A,B				
<ul style="list-style-type: none"> d. Determine whether receipt is recorded in the correct taxing district. 	C				
B. Revenue From Other Governmental Sources					
<ul style="list-style-type: none"> 1. Confirm state revenues and trace amounts into the accounting records. 	A,B,C				
<ul style="list-style-type: none"> 2. For other receipts from federal, state or other agencies, confirm the following types of revenue received directly with the appropriate agency: <ul style="list-style-type: none"> a. Grants and subsidies from other governmental units. b. Other material receipts (specify): 	A,B,C				
<ul style="list-style-type: none"> 3. Trace to validated deposit ticket on a test basis. 	B				
<ul style="list-style-type: none"> 4. Determine that deposits are made in a timely manner. 					
<ul style="list-style-type: none"> 5. Determine that such funds were recorded in the proper fund and were used for authorized purposes. 	D				
C. Interoffice Receipts					
<p>Perform tests to determine that money collected by departments, boards, commissions, offices, or individuals has been remitted to the Treasurer promptly and intact, in accordance with laws, ordinances, or regulations, and has been credited to the proper funds. These tests could include, but are not limited to:</p> <ul style="list-style-type: none"> 1. Secondary roads. 2. Conservation. 3. Local health. 	A,B,C, D				

COUNTY Sample County**June 30, 2008****RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
4. Other (specify): 					
D. Sale of Bonds/Notes 1. Review authorization for issuance. 2. Determine that bonds sold are properly recorded and trace proceeds to cash receipts journal and bank statement. 3. Bonds issued and redeemed during the year should be included as other financing sources and uses, respectively.	A,B,C				
E. Drivers License Fees Determine whether the County Treasurer is properly collecting and reporting drivers license fees.					
F. REAP Funds. 1. Obtain a copy of the County's "Certification of County Conservation Purpose Support By County Property Taxes" report. 2. Test report for accuracy.	A				
G. Determine if monthly reconciliations of nursing services billings and collections are prepared. 1. If available, apply procedures to determine accuracy and completeness of the reconciliation for one month and/or at year-end. 2. If not available, perform reconciliation procedures for one month and/or at year-end. 3. For one month, reconcile total collections to posting in receipt journal and to deposits. 4. If problems arise, consider confirming Medicare and Medicaid receipts.	A,B,C				
H. General 1. Determine if additional testing is required and, if so, select transactions and perform the following: a. Vouch to supporting documentation, if available. b. Trace posting to miscellaneous receipts register or journal. c. Trace to validated deposit ticket on a test basis. d. Determine that deposits are made in a timely manner. e. Determine if account classification is correct.	A,B,C, D				

June 30, 2008

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Obtain a summary of miscellaneous receipts by fund. 3. Account for numerical sequence of receipts. I. Scan deposit tickets and evaluate reasonableness of amounts of currency deposited, considering the types of revenues expected to be received in currency. J. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures. K. Determine whether revenues are properly classified and disclosures are adequate.	B				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for revenues and receipts, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

COUNTY Sample County

June 30, 2008

DISBURSEMENTS/EXPENDITURES/EXPENSES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Recorded expenditures and cash disbursements are for goods or services authorized and received. (5)					
B. Expenditures incurred for goods or services have all been identified. (6)					
C. Expenditures for goods or services have been recorded in the correct fiscal year. (8)					
D. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period, and amount. (7,9)					
E. Expenditures for goods or services are properly presented in the entity wide and/or fund financial statements and related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. General					
1. On a test basis, foot and crossfoot expenditure records. Document selection methods and results of tests.					
2. Scan disbursement journal for unusual disbursements and investigate accordingly.	A				
3. Determine the extent of purchases by credit card and test, if significant.					
4. Schedule all related party transactions (with County officials or employees) for comment. The workpaper should list all payments made during the period. For reporting purposes, include only the payments applicable for the period when the individual was an employee or official of the County in accordance with Chapter 331.342. Disclose material transactions in the notes to the financial statements.	A,E				
B. Disbursements					
1. Select items for testing from the warrant/check register and test for the following:	A,B,C, D				
a. The disbursement was properly authorized and approved for payment as required by Chapter 331.506 of the Code of Iowa, including a warrant/check list signed by the County Treasurer prior to issuance.					
b. The disbursement was charged to the proper fund per Chapters 331.424 and 331.427 through 331.430 of the Code of Iowa.					
c. The disbursement was charged to the proper expenditure account.					
d. The disbursement was supported by an invoice or contract.					

COUNTY Sample County**June 30, 2008****DISBURSEMENTS/EXPENDITURES/EXPENSES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> e. Goods or services were received prior to June 30. f. The invoice and/or other documentation was canceled to prevent reuse. g. The endorsement and cancellation of the warrant/check appear proper. h. Expenditures for capital assets are included on the capital assets listing, if applicable. i. All warrants/checks were signed only by the County Auditor or an authorized designee. j. The disbursement appears to meet the test of public purpose. For those items which are questionable, the County should have adequate documentation as to how the expenditure(s) meet the test of public purpose. k. Expenditure is proper under federal laws and regulations, if applicable. If also testing compliance for a major program, you may need to add or revise criteria to cover Single Audit program steps. (i.e. allowable costs/cost principles, period of availability, procurement, suspension, and debarment, etc.) l. Select at least one transaction for services purchased with funding received/reimbursed from the state under local purchase of service: <ul style="list-style-type: none"> 1) Contact the Central Point of Coordination (CPC) Administrator or the County Auditor to determine who has been designated by the County to administrate the County Management Plan. 2) Examine the County Management Plan to determine the Scope of Services provided by the County and that disbursements were in compliance with the plan. 3) Document the procedure used to determine eligible services. m. Examine Mental Health Fund expenditures and fund balance for propriety. (Note: Funding reductions occur if the Mental Health fund balance exceeds established limits) Specifically: <ul style="list-style-type: none"> 1) Determine that expenditures near year end have been recorded in the proper fiscal year. Also, determine that prepaid expenditures have been identified and appropriately recorded. 2) Examine expenditures for grants and allocations made to providers for propriety. 					

June 30, 2008

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3) Review the fund balance and total expenditures for the current and previous years and document any significant changes.</p> <p>2. On a test basis, prepare a workpaper for capital projects and other construction contracts to:</p> <p>a. Reconcile original contract to final contract.</p> <p>b. Reconcile total payments to-date by scheduling prior year payments, current year payments, payments due and retainage due.</p> <p>c. Determine that projects and/or contracts were authorized and approved by the governing body.</p> <p>C. Internal Service Funds</p> <p>1. Through analytical procedures or scanning, determine if disbursements appear to be in accordance with the purpose of the fund.</p> <p>2. Determine that expenditures from operating funds to Internal Service Funds are correctly charged against the budget.</p> <p>3. Reconcile total revenues in the Internal Service Fund to contributions or transfers from the operating funds.</p> <p>D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>E. Determine whether disbursements are properly classified and disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for disbursements and expenditures, and the results of these procedures are adequately documented in the accompanying workpapers.</p>	<p>A,D</p> <p>A,B</p> <p>E</p>				
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

COUNTY Sample County

June 30, 2008

PAYROLL

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Payroll (wages, salaries, and benefits) disbursements are supported and made only for work authorized and performed. (5,6)					
B. Payroll is computed using rates and other factors in accordance with contracts. (7)					
C. Payroll is recorded correctly as to amount and period and distributed properly by account, fund, and disclosures are adequate. (7,8,9,10,11,12,13)					
Audit Procedures:					
A. On a test basis, select payroll transactions from throughout the year to test:	A,B,C				
1. Authorization for gross pay or hourly rate.					
2. Approval of hours worked.					
3. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees).					
4. Accuracy of calculations of gross pay.					
5. Accuracy of computation of FICA and IPERS. (The following IPERS rates are effective July 1, 2007: Regular employee rate is 3.9% and employer rate is 6.05%, Sheriff's and deputy sheriff's rate is 7.70% for employee and employer and protection occupation rate is 5.64% for employee and 8.47% for employer.)					
6. Reasonableness of computation of federal and state withholding.					
7. Authorization for payroll deductions.					
8. Endorsement and cancellation of warrant/check are proper.					
B. Determine that timesheets are prepared and approved for all employees, including salaried employees.	A				
C. Consider analytical procedures to substantiate payroll amounts and withholdings.	A,B,C				
D. Review copies of payroll tax returns and reconcile gross wages and the County share of FICA and IPERS to the expenditure record. Explain material variances.	C				
E. Prepare a workpaper documenting the total County contributions to IPERS.	C				
F. For retirement systems other than IPERS:					
1. Review and update file information on pension plans.					
2. Obtain copy of actuarial report and review. Include copy of pertinent data in the permanent file.					
3. Determine employee groups covered by each plan.					

PAYROLL

[illegible]

TRANSFERS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. All transfers have been identified, adequately supported and properly authorized. (5,6)					
B. Transfers are recorded in the proper time period under audit, and correct as to accounts and amounts recorded. (7,8)					
C. Transfers are properly classified and disclosures are adequate. (9,10,11,12,13)					
Audit Procedures:					
A. Obtain or prepare a schedule of all fund transfers during the year.					
B. Identify the date and purpose of each transfer and trace to supporting documentation. Document description on workpaper.	A				
C. Determine if any amounts transferred should be classified as a revenue or expenditure.	C				
D. Determine that the transfers are recorded in the proper fund and proper period.	B				
E. Scan other expenditure and revenue categories for unrecorded transfers.	A				
F. Determine that transfers-in equal transfers-out.	A,C				
G. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
H. Determine whether transfers are properly classified and adequately disclosed.	C				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
 <u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for transfers, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge		Date			
Manager		Date			
Independent Reviewer		Date			

COUNTY Sample County

June 30, 2008

BUDGET

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. The annual operating budget, and amendments thereto, are properly prepared, documented and approved.					
B. Budgetary comparisons are properly included in the appropriate financial statements and schedules of governmental funds for which an annual budget has been adopted.					
Audit Procedures:					
A. Obtain a copy of the adopted budget certificate summary for the County.	A				
B. Obtain a copy of each budget amendment and each certification resolution, including the purpose of the amendment.	A				
C. Determine accuracy of budget amendments (i.e., figures in "Last Budget as Certified or Last Amendment" column are correct; amounts in each applicable service area crossfoot).	A				
D. Compare disbursements by function with budget and include any over-expenditure in the budget comment and notes to financial statements.	A,B				
E. Compare disbursements with appropriations by office or department and include any over-expenditure in the budget comment and notes to the financial statements.	A,B				
F. Compare revenues with budget and document reason for significant variance(s).					
G. Obtain a copy of the adopted budgets and any amendments for the County (City) Assessor, Agricultural Extension and Joint Disaster Services Administration.	A				
H. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

BUDGET

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for budget, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between;"> Incharge _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Manager _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Independent Reviewer _____ Date _____ </div>					

COUNTY Sample County

June 30, 2008

INSURANCE AND SELF-INSURANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions: A. Claims paid in the period are recorded correctly as to account, amount, and period and are disbursed in accordance with the County's policies and procedures for claims settlement. (5,6,7,8) B. Reserves for claim losses represent a reasonable estimate of the County's liability for claims filed and incurred but not reported (IBNR) claims. (1,2,3,4) C. Insurance (self-insurance) revenues, operating transfers, expenditures, assets, liabilities, and fund equity (net assets) are properly classified and described in the fund financial statements and related disclosures are adequate. (9,10,11,12,13) Audit Procedures: A. Inquire about the County's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks, or only for excess liabilities. B. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to: 1. Determine if reasonable and current. 2. Determine significant areas in which risk is retained. C. If a separate insurance fund has been established, consider analytical procedures such as comparing claims disbursements/expenditures and other fund transactions (i.e. employee contributions, insurance premiums, and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable). D. Review charges by the insurance fund to other funds and determine if they are in accordance with GASB 10 (GASB Codification, Section C50.121-126). 1. If General Fund is used, may use any method to allocate loss expenditures/expenses to other funds of the entity. Transactions that constitute reimbursements of the General Fund for expenditures/expenses initially made from it that are properly applicable to another fund should be reported as expenditures or expenses in the reimbursing fund and as reductions of the expenditure/ expense in the General Fund.					
	C				
	A				
	A				

COUNTY Sample County**June 30, 2008****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2. If Internal Service Fund is used, may use any basis considered appropriate to charge other funds as long as the total charge is either calculated in accordance with the criteria of FASB 5 or is based on an actuarial method or historical cost information and adjusted over a reasonable period of time. If latter method is used (actuarial method or historical cost information method), an additional charge may be made to other funds that represents a reasonable provision for expected future catastrophic losses. Charges (billings) should be recognized as revenue by the internal service fund and as expenditures/expenses by the other funds.</p> <p>3. For either General or Internal Service Funds, billings in excess of the accrual should be accounted for as operating transfers.</p> <p>E. Review estimates of losses from claims with a responsible official and determine if properly recorded as an expenditure/ expense and liability. Estimates should include:</p> <p>1. Reported claims that meet criteria of FASB 5 and GASB Codification, Section C50.110-120.</p> <p>2. Incurred but not reported (IBNR) claims that meet criteria of FASB 5. Determine that the basis used to estimate IBNR claims is reasonable.</p> <p>3. If the County participates in a public entity risk pool and is subject to a supplemental premium assessment, an accrual should be made if the likelihood of such assessment meets criteria of FASB 5.</p> <p>4. If the County participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with responsible official and determine if liability should be recorded based on certain conditions.</p> <p>5. If the County participates in a public entity risk pool, inquire with responsible official about the County's plans for continuing its participation in the pool. If the County has plans to terminate its membership, determine if additional liabilities should be recorded based on terms of the agreement to participate.</p> <p>F. If the County has a self-funded health insurance plan, including self-funded deductibles, examine the actuarial report to determine reasonableness of reserves and determine if additional liability should be recorded in County's financial statements.</p> <p>G. If an outside administrator or service company is used:</p> <p>1. Obtain a copy of the annual report on the status of the program.</p>	B				
	B				
	A,B				

COUNTY Sample County**June 30, 2008****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Review report for estimates of liabilities for claims filed and IBNR claims. 3. Compare report with prior periods and discuss any unusual variances with responsible official. 4. Compare amounts in report with recorded estimated liabilities. H. Determine adequacy of financial statement presentation and disclosures. 1. Financial statement presentation considerations should include: a. If a single fund is used to record risk financing activities, should be either General Fund or Internal Service Fund. b. Loss liabilities for governmental and special revenue funds should be recognized using the modified accrual basis of accounting (i.e. current portion recorded as an expenditure and fund liability and long-term portion recorded in the entity wide statements). c. Loss liabilities for an Internal Service Fund (or other proprietary funds) should be recorded as a fund liability of the Internal Service Fund (or other proprietary funds). d. For Internal Service Funds, any amount in net assets that arose from an optional additional charge for catastrophic losses should be reported as designated. e. If the County participates in a public entity risk pool in which there is no transfer of risk to the pool or pool participants, contributions to the pool should be reported as either deposits (if not expected to pay claims) or as reductions of claims liability (if used to pay claims) in accordance with GASB 10 (GASB Codification, Section C50.135) and Statement of Position (SOP) 98-7 f. If the County made contributions to a public entity risk pool with transfer or pooling of risk: 1) Determine contributions are recorded as deposits if a return of those contributions is probable. 2) If not probable, then determine contributions are recorded as prepaid insurance to be allocated as expenditures/expenses over future periods, <u>or</u> alternatively, in governmental funds, as expenditures in the period made.	C				

June 30, 2008

[illegible]

COUNTY Sample County

June 30, 2008

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. Federal revenues and expenditures are valid and complete and, if applicable, indirect costs are allocated properly. B. Federal revenues and expenditures are properly presented in the financial statements. C. The County has complied with laws and regulations affecting the expenditure of grant funds. Note: Programmatic requirements are unique to each federal program and can be found in the laws, regulations, and provisions of contract and grant agreements pertaining to the program. For programs listed in the Compliance Supplement, the programmatic requirements can be found in Part 4. For those not covered in the Compliance Supplement, review Part 7 of the supplement. Audit Procedures: A. Review applicable reference material: <ol style="list-style-type: none"> OMB Circular A-133, Audits of States, Local Governments, and Non -Profit Organizations. OMB Circular A-133 Compliance Supplement. OMB Circular A-102 (Revised), Grants and Cooperative Agreements with State and Local Governments (March 3, 1988). OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. Statement on Auditing Standards (SAS) No. 74, Compliance Auditing Considerations in Audits of Governmental Entities and Other Recipients of Governmental Financial Assistance (AICPA, Professional Standards, vol. 1, AU801). GAO <u>Government Auditing Standards</u> (the Yellow Book), 2007 revision. Federal Cognizant Agency Audit Organization Guidelines (the Orange Book) Revised November 1987. AICPA Audit Guide, Audits of State and Local Governmental Units. OMB Catalog of Federal Domestic Assistance. Applicable sections of the Code of Federal Regulations. B. Obtain or prepare a Schedule of Expenditures of Federal Awards. If prepared by auditor, determine that independence will not be impaired. The schedule should include: <ol style="list-style-type: none"> Federal grantor or pass-through agency, if applicable. 	A				

COUNTY Sample County

June 30, 2008

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Program name. 3. CFDA number. 4. Grant number. 5. Program or award amount. 6. Program disbursements/expenditures (for cash awards) or value of non-cash assistance (for non-cash awards). 7. All programs completed and/or terminated during the year and all programs open without monies being received or expended during the audit period. C. Determine that each program's name and CFDA number reported on the Schedule of Expenditures of Federal Awards agrees with the CFDA Agency Program Index. D. Reconcile appropriate amounts on the Schedule of Expenditures of Federal Awards to amounts in the financial statements and to amounts in the accounting records and document accordingly. E. For each major program, obtain the following information: 1. Grant agreement, application or pass-through agreement and any amendments. 2. Pertinent correspondence, including budget and program modifications. 3. Financial reports. 4. Reference material for clarification of grant/program audit objectives and compliance requirements. 5. Identification of subrecipients, if applicable. 6. Basis of accounting. 7. Contact person. 8. Account codes used to account for program activities. 9. Names and addresses of grantors (direct and indirect). F. Include copies of pertinent information relating to major programs in the permanent file. G. Search for unlisted federal programs not previously identified. H. Review prior year audit reports to determine the nature of previous findings and questioned costs. Document the status, which will be included in the County's report in a Summary Schedule of Prior Audit Findings. I. If applicable, send a letter of understanding to the cognizant agency. J. Compliance testing for major programs: 1. Test compliance with applicable common requirements. (See following separate audit program sections.)					
	A,B				
	A				
	A				
	C				
	C				

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Review Compliance Supplement for any special tests and provisions and perform appropriate procedures to ensure compliance. 3. Report the following items in Part III of the Schedule of Findings and Questioned Costs in accordance with Circular A-133 (par. 510): a. Significant deficiencies in internal control over major programs. b. Material non-compliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. c. Known or likely questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. (Should include information to provide proper perspective for judging the prevalence and consequences of the questioned costs) d. Known questioned costs, which are greater than \$10,000 for a type of compliance requirement for a federal program, which is not audited as a major program. (Note: except for audit follow-up, the auditor is not required to perform audit procedures for such federal programs) e. The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as findings. f. Known fraud affecting a federal award, unless such fraud is otherwise reported as a finding. g. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresent the status of any prior audit finding. 4. Report other findings in Part IV of the Schedule of Findings and Questioned Costs.					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>The following applicable common requirements should be tested in conjunction with the other tests of detail or through other appropriate tests:</p> <p>A. <u>ACTIVITIES ALLOWED OR UNALLOWED:</u></p> <ol style="list-style-type: none"> 1. Identify the types of activities allowed and unallowed for the program(s) tested. 2. If allowability is determined based upon summary level data, verify allowability of the activity and that individual transactions were properly classified and accumulated into the activity total. 3. If allowability is determined based upon individual transactions, select a sample of transactions and verify allowability of the activity. Be alert for any large dollar transfers from program accounts, which may have been used to fund unallowable activities. 4. If the agency under audit is considered a pass-through entity, test a sample of approved subrecipient agreements to verify that the activities covered by the agreement are allowable. <p>B. <u>ALLOWABLE COSTS/COST PRINCIPLES:</u></p> <ol style="list-style-type: none"> 1. For transactions selected which involve federal funds determine whether the costs meet the following criteria: <ol style="list-style-type: none"> a. Authorized or not prohibited under state or local laws or regulations. (Certain costs require specific approval; others are not allowable.) b. Approved by the federal awarding agency, if required. c. Conform to any limitations or exclusions set forth in the Circular (A-87, A-21, A-122), or limitations in the program agreement or specific requirements in the program regulations. d. Costs must be allocable to the federal awards under the provisions of OMB's cost principal circulars (A-87, A-21, A-122). e. Represent charges for actual costs, not budgeted or projected amounts. f. Allocations of fringe benefits allocations, changes or rates are based on the benefits received by different classes of employees within the organization. g. Given consistent treatment with policies, regulations, and procedures applied uniformly to federal and non-federal activities of the agency. 					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> h. Given consistent accounting treatment within and between accounting periods and not allocable to or included as a direct cost of a federal program if the same or similar costs are allocated to the federal program as an indirect cost. i. Calculated in conformity with generally accepted accounting principles or other comprehensive basis of accounting, when required under the cost principles circulars. j. Not included as a cost or used to meet cost sharing or matching requirements of another federally supported activity in either the current or a prior period. k. Costs must be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs. l. Not included as both a direct billing and a component of indirect costs, i.e., excluded from costs pools included in cost allocation plans (CAPS.) m. Supported by underlying documentation. <p>2. When material charges are made from internal service, central service, pension, or similar activities or funds, verify that the charges from these activities or funds are in accordance with the cost principal circulars.</p> <ul style="list-style-type: none"> a. For activities accounted for in separate funds, ascertain if: <ul style="list-style-type: none"> 1) Net assets/fund balances (including reserves) were computed in accordance with the applicable cost principles. 2) Working capital was not excessive in amount (generally not greater than 60 days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs and debt principal costs). 3) Refunds were made to the federal government for its share of any amounts transferred or borrowed from internal service or central service funds for purposes other than to meet the operating liabilities, including interest on debt, of the fund. b. Verify that all users of services were billed in a consistent manner. c. Verify the billing rates exclude unallowable costs. d. Verify, where billing rates are not accounted for in separate funds, that billing rates are developed based on actual costs and were adjusted to eliminate profit. 					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>e. For organizations that have self-insurance and a certain type of fringe benefit programs (e.g. pension funds), verify that independent actuarial studies appropriate for such activities are performed at least biennially and that current costs were allocated based on an appropriate study which is not over two years old.</p> <p>3. Cost Allocation Plans/Indirect Cost Rate Agreements</p> <p>Determine whether material indirect costs or centralized or administrative services are being charged to federal programs. If such costs are being charged, perform the following procedures:</p> <p>a. Obtain and read the current Cost Allocation Plan (CAP) or negotiable agreement and determine the types of rates and procedures required.</p> <p>b. Obtain and read the Current CAP and/or Indirect Cost Rate Agreement and determine the terms of the allocation plan and/or rate agreement in effect (i.e., predetermined, fixed with carryforward provisions or provisional/final).</p> <p>c. Verify the methods of charging costs to federal awards are in accordance with the provisions of the approved CAP or prepared CAP on file.</p> <p>d. Determine whether the CAP's or Indirect Cost Rate Proposals (IDCRP's) have been approved by the appropriate federal agency and whether the resultant rates or amounts charged are final or still open to adjustment or revision, either immediately or as a carry over adjustment in a future period. If approved and final, the results of the audit work shall be reflected, if appropriate, in recommendations for future procedural improvements.</p> <p>e. Examine claims submitted to the federal agency for reimbursement. Determine if the amounts charged and rates used are in accordance with the plan and if rates are being applied to the appropriate base.</p> <p>f. Review, on a test basis, supporting documentation to determine whether:</p> <p>1) The indirect cost pool or centralized service costs contain only allowable costs in accordance with the applicable OMB's cost principles Circulars (A-87, A-21, A-122).</p> <p>2) The methods of allocating the costs are in accordance with the provisions of Circular A-87, other applicable regulations and negotiated agreements.</p>					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3) Statistical data in the proposed allocation or rate bases are reasonable, updated as necessary and do not contain any material omissions. 4) Time studies or time and effort reports are mathematically and statistically accurate, are implemented as approved, and are based on the actual effort devoted to the various functional and programmatic activities to which the salary and wage costs are charged. 5) The allocation methodology is consistent and test the appropriateness of methods used to make changes. 6) The indirect costs charged to federal programs are supported by amounts recorded in the accounting records from which the most recently issued financial statements were prepared.					
C. <u>CASH MANAGEMENT:</u> 1. Review the government's cash advancement or reimbursement process(es) and evaluate for adequacy. 2. If an advancement method is used, review the government's system to determine if it is adequate to limit the amount of federal cash to immediate needs. 3. If a reimbursement method is used, review the government's system to determine if it is adequate to ensure the requests are properly supported and made in a timely manner. 4. For selected grant programs, determine dates and amounts for selected advances, drawdowns and other receipts of federal funds and compare to the dates the funds were disbursed and/or checks were presented to the banks for payment. 5. For the same programs, evaluate the size of the balances in relation to the program's needs. 6. Review records to determine if interest was earned on advances and whether it was returned to the appropriate agency. 7. Review the government's system for monitoring advances and payment requests by secondary recipients. Evaluate whether the system is sufficient to limit payments to amounts needed to meet immediate cash requirements. 8. Review selected cash reports submitted by subrecipients and determine if the reports show large amounts of excess cash. If they do, ascertain why.					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>D. <u>DAVIS-BACON ACT:</u></p> <ol style="list-style-type: none"> 1. Identify the programs involving construction activities. 2. Review selected construction contracts and subcontracts and determine whether they contain provisions requiring the payment of "prevailing" wages. This is applicable to all construction contracts, which exceed \$2,000. 3. Review the County's system for monitoring applicable contractors and subcontractors with respect to payment of prevailing wages and evaluate for adequacy. 4. Review the monitoring system for contracts for selected programs and determine whether there is adherence to the prescribed procedures. 5. Examine a sample of contractor or subcontractor payroll submissions and certifications and determine if such submissions indicate that laborers and mechanics were paid the prevailing wage rates established by the Department of Labor for the locality. 6. For recipients who have not developed a system, or whose system is not operating effectively: <ol style="list-style-type: none"> a. Obtain the "local" DOL wage determination from the recipient, the architect/engineer (A/E) managing the project, or DOL. b. Obtain from the client, payroll registers of the construction company and test to determine whether wages paid conform to prevailing wages. <p>E. <u>ELIGIBILITY:</u></p> <ol style="list-style-type: none"> 1. Individuals: <ol style="list-style-type: none"> a. For some federal programs with a large number of individuals receiving benefits, the County may use a computer system for the processing of individual eligibility determinations and the delivery of benefits. U.S. generally accepted auditing standards provide guidance for the auditor when computer processing relates to accounting information that can materially affect the financial statements being audited. When eligibility is material to a major program, and a computer system is integral to eligibility compliance, the auditor should follow this guidance and consider the County's computer processing. <ol style="list-style-type: none"> 1) Perform audit procedures relevant to the computer system as needed to support the opinion on compliance for the major program. 2) These tests may be performed as part of testing the internal controls for eligibility. 					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Perform procedures to determine completeness of the population. c. Select a sample of individuals receiving benefits and perform tests to determine if the: <ul style="list-style-type: none"> 1) Individuals were eligible in accordance with the compliance requirements of the program. (Note: Some programs have initial and continuing eligibility requirements.) 2) Benefits paid to or on the behalf of the individuals were calculated correctly and in compliance with the requirements of the program. 3) Benefits were discontinued when the period of eligibility expired, or if the person became ineligible. 2. Group of Individuals or Area of Service Delivery: <ul style="list-style-type: none"> a. Test information used in determining eligibility and determine if the population or area of service delivery was eligible. b. Perform test to determine if: <ul style="list-style-type: none"> 1) The population or area served were eligible. 2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly. 3. Subrecipients: <ul style="list-style-type: none"> a. If the determination of eligibility is based on an approved application or plan, obtain a copy of the document and identify the applicable eligibility requirements. b. Select a sample of the awards to the subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits. 					
F. <u>EQUIPMENT AND REAL PROPERTY:</u> <ul style="list-style-type: none"> 1. For subrecipients of states that are local governments (Counties): <ul style="list-style-type: none"> a. Obtain a copy of the County's policies and procedures for equipment management and determine if they comply with the state's policies and procedures. b. Select a sample of equipment transactions and test for compliance with the state's policies and procedures for management and disposition of equipment. 					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2. For non-profit organizations and federal awards received directly from a federal awarding agency by the County:</p> <p>a. Inquire if a required physical inventory of equipment acquired under federal awards was taken within the last two years. Test whether any differences between the physical inventory and equipment records were resolved.</p> <p>b. Identify equipment acquired under federal awards during the audit period and trace selected purchases to the property records. Verify that the property records contain the following information about the equipment:</p> <p>1) Description (including serial numbers, or other identification numbers).</p> <p>2) Source.</p> <p>3) Title holder.</p> <p>4) Acquisition date and cost.</p> <p>5) Percentage of federal participation in the cost.</p> <p>6) Location.</p> <p>7) Condition.</p> <p>8) Ultimate disposition data including date of disposal, sale price or method used to determine fair market value.</p> <p>3. Select a sample of equipment identified as acquired with federal awards from the property records and observe the equipment.</p> <p>4. Disposition of Equipment</p> <p>a. Determine the amount of equipment dispositions for the year and identify equipment acquired with federal awards.</p> <p>b. Perform procedures to verify that the dispositions were properly reflected in the property records.</p> <p>c. For equipment with a current per-unit fair market value in excess of \$5,000, determine whether the awarding agency was reimbursed for the appropriate federal share.</p> <p>5. Disposition of Real Property (applicable to all entities):</p> <p>a. Determine real property dispositions for the audit period and identify property acquired with federal awards.</p>					

COUNTY Sample County

June 30, 2008

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>b. Perform procedures to verify that the County followed the instructions of the awarding agency, which will normally require reimbursement to the awarding agency of the federal portion of net sales or fair market value at the time of disposition, as applicable.</p> <p>G. <u>MATCHING, LEVEL OF EFFORT, EARMARKING:</u></p> <ul style="list-style-type: none"> • <u>Matching</u> – includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards. Match may be in the form of cash or in-kind contributions. • <u>Level of Effort</u> – includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period, and (c) federal funds to supplement and not supplant non-federal funding of services. • <u>Earmarking</u> – includes requirements that specify the minimum and/or maximum amount or percentage of the programs funding that must/may be used for specified activities, including funds provided to Subrecipients. <p>Matching:</p> <ol style="list-style-type: none"> 1. Perform test to verify that the required matching contributions were met. 2. Determine the sources of matching contributions and perform tests to verify that they were from an allowable source. 3. Test records to corroborate that the value placed on in-kind contributions are in accordance with OMB cost principles circulars, the A-102 Common Rule, program regulations and the terms of the award. 4. Test transactions used to match for compliance with allowable costs/cost principles requirements. This test may be performed in conjunction with the testing of the requirements related to allowable cost/cost principles. <p>Level of Effort:</p> <ol style="list-style-type: none"> 1. Identify the required level of effort and perform tests to verify that the level of effort requirement was met. 2. Perform tests to verify that only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served), were included in the computation and that the categories were consistent from year to year. 					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3. Perform procedures to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.</p> <p>4. Perform procedures to verify that non-monetary effort indicators were supported by official records.</p> <p>Level of Effort - Supplement not Supplant:</p> <p>1. Determine if the County used federal funds to provide services which they were required to make available under federal, state or local law and were also made available by funds subject to the supplement not supplant requirement.</p> <p>2. Determine if the County used federal funds to provide services which were provided with non-federal funds in prior years.</p> <p>a. Identify the federally funded services.</p> <p>b. Perform procedures to determine whether the federal program funded services that were previously provided with non-federal funds.</p> <p>c. Perform procedures to determine if the total level of services applicable to the requirement increased in proportion to the level of federal contribution.</p> <p>Earmarking:</p> <p>1. Identify the applicable percentage or dollar requirements for earmarking.</p> <p>2. Perform procedures to verify that the amounts recorded in the financial records meet the requirements (e.g. minimum amounts determine that records show at least the minimum was charged.)</p> <p>3. When requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to verify proper classification to meet the minimum percentage or amount.</p> <p>4. When requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity which were improperly classified in another account. (e.g. If administrative costs are limited to 10%, review other accounts charged to the activity for administrative expense which, if incorrectly coded, which would cause maximum percentage to be exceeded.)</p> <p>H. <u>PERIOD OF AVAILABILITY OF FEDERAL FUNDS:</u></p> <p>1. Review the award documents and regulations pertaining to the program and determine any award specific requirements related to for the period of availability and document the availability period.</p>					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2. Test a sample of transactions charged to the federal award after the end of the period of availability and verify that the underlying obligations occurred within the period of availability and that the payment was made within the allowed time period.</p> <p>3. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability.</p> <p>4. Select a sample of adjustments to the federal funds and verify that these adjustments were for transactions that occurred during the period of availability.</p> <p>I. <u>PROCUREMENT AND SUSPENSION AND DEBARMENT:</u></p> <p>For federal awards received directly from a federal awarding agency by the County:</p> <p>1. Obtain the County's procurement policies and verify that the policies comply with applicable federal requirements.</p> <p>2. Determine if the County has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If such policy exists, verify that these limitations were not applied to federal procurements except where applicable federal statutes expressly mandate or encourage geographical preference.</p> <p>3. Examine procurement policies and procedures and verify the following:</p> <p>a. Written selection procedures require that solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured, identify all requirements that the offer must fulfill, and include all other factors to be used in evaluating bids or proposals.</p> <p>b. There is a written policy pertaining to ethical conduct.</p> <p>4. Select a sample of procurements and perform the following:</p> <p>a. Examine contract files and verify that they document the significant history of the procurement, including rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of contract price.</p> <p>b. Verify that procedures provide for full and open competition.</p>					

COUNTY Sample County

June 30, 2008

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>c. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and determine if the limitation was justified.</p> <p>d. Examine contract files and determine that a cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.</p> <p>e. Verify that the awarding federal agency approved procurements exceeding \$100,000 when such approval was required. Procurements (1) awarded by non-competitive negotiations, (2) awarded when only a single bid or offer was received (3) awarded to other than the apparent low bidder, or (4) specifying a "brand name" product require prior federal awarding agency approval.</p> <p><i>The following only apply to states and federal awards subgranted by the state to the County.</i></p> <p>1. Test a sample of procurements to determine if the state's laws and procedures were followed and that the policies and procedures used were the same as for state funds.</p> <p><i>The following procedure applies to all non-federal entities.</i></p> <p>1. Test a sample of procurements and subawards to determine if the County performed a verification check for covered transactions, by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.</p> <p>2. Test a sample of procurement and subawards against the EPLS and determine if contracts or subawards were awarded to suspended or debarred parties.</p> <p>J. <u>PROGRAM INCOME:</u></p> <p>1. Identify any program income.</p> <p>a. Review laws and regulations, the provisions of contract, and grant agreements applicable to the program and determine if program income was anticipated and, if so, the requirements for recording and using program income.</p> <p>b. Inquire of management and review accounting records to determine if program income was received.</p> <p>2. Perform tests to verify that all program income was properly recorded in the accounting records.</p>					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Perform tests to determine if program income was used in accordance with the program requirements. K. <u>REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE:</u> 1. Determine whether the County is administering a federal or federally-assisted program that involves the acquisition of property or the displacement of households or businesses. 2. Property Acquisition: a. Appraisal - test records to verify: 1) The just compensation amount offered the property owner was determined by an appraisal process. 2) The appraisal(s) was examined by a review appraiser. 3) The review appraiser prepared a signed statement which explains the basis for adjusting comparable sales to reach the review appraiser's determination of the fair market value. b. Negotiations - verify from supporting documentation that: 1) A written offer of the appraised value was made to the property owner. 2) A written justification was prepared if the purchase price for the property exceeded the amount offered and that the documentation (e.g. recent court awards, estimated trial cost ext.) supports such administrative settlement as being reasonable, prudent, and in the public interest. c. Residential Relocations - verify from supporting documentation that the County made available to the displaced persons one or more comparable replacement dwellings. 3. Replacement Housing Payments - Examine the County's records to verify and determine if there is documentation that supports the following: a. The owner occupied the displacement dwelling for at least 180 days immediately prior to initiation of negotiations. b. The County examined at least three comparable replacement dwellings available for sale and computed the payment on the basis of the price of the dwelling most representative of the displacement dwelling.					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. The asking price for the comparable dwelling was adjusted, to the extent justified by local market data, to recognize local area selling price reductions. d. The allowance for increased mortgage costs "buy down" amounts was computed based on the remaining principal balance, the interest rate, and the remaining term of the old mortgage on the displacement dwelling. e. The County prepared written justification on the need to employ last resort housing provisions, if the total replacement housing payment exceeded \$22,500. 					
<ul style="list-style-type: none"> 4. Rental or Downpayment Assistance - Examine the County's records to determine if there is documentation that supports the following: <ul style="list-style-type: none"> a. The displacee occupied the displacement dwelling for at least 90 days immediately prior to initiation of negotiations. b. The displacee rented, or purchased, and occupied a decent, safe, and sanitary replacement dwelling within one year. c. The County prepared written justification if the payment exceeded \$5,250. 5. Business Relocations <ul style="list-style-type: none"> a. Moving expenses - Verify that payments for moving and related expenses were for actual costs incurred or that fixed payments, in lieu of actual costs, were limited to a maximum of \$20,000 and computed based on the average annual net earnings of the business as evidenced by income tax returns, certified financial statements, or other reliable evidence. b. Business Reestablishment Expense - Verify that (1) the displacee was eligible as a farm operation, non-profit organization, or a small business to receive reestablishment assistance, and (2) the payment was for actual costs incurred and did not exceed \$10,000. 					
L. <u>REPORTING:</u> <ul style="list-style-type: none"> 1. Review applicable laws, regulations, and the provisions of contract and grant agreements pertaining to the program for reporting requirements. 2. Determine the types and frequency of required reports. 3. Obtain and review federal awarding agency, or pass-through entity in the case of a subrecipient, instructions for completing the reports. 					

COUNTY Sample County**June 30, 2008****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> a. For financial reports, determine the accounting basis used in reporting the data (i.e. cash or accrual). b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data. 4. Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include: <ul style="list-style-type: none"> a. Comparing current period reports to prior periods. b. Comparing anticipated results to the data included in the reports. c. Comparing information obtained during the audit of the financial statements to the report. 5. Select a sample of each of the following report types: <ul style="list-style-type: none"> a. Financial reports: <ul style="list-style-type: none"> 1) Determine if the financial reports were prepared in accordance with the required accounting basis. 2) Trace the amounts reported to accounting records that support the audited financial statements and the schedule of expenditures of federal awards and verify agreement. b. Performance reports: <ul style="list-style-type: none"> 1) Trace data to records that accumulate and summarize data. 2) Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology. c. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to data. d. Test mathematical accuracy of reports and supporting worksheets. 6. Test selected reports for completeness: <ul style="list-style-type: none"> a. For financial reports, review accounting records and determine if all applicable accounts were included in the sampled reports. b. For performance and special reports, review supporting records and determine if all applicable data elements were included in the sampled report. 					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>7. Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the federal awarding agency or pass-through entity in the case of a subrecipient.</p> <p>M. <u>SUBRECIPIENT MONITORING:</u></p> <p>1. Review County's subrecipient monitoring policies and procedures and discuss with the County staff to gain an understanding of the scope, frequency and timeliness of monitoring activities, including the number, size and complexity of awards to subrecipients.</p> <p>2. Test award documents to determine if the County makes subrecipients aware of the award information and requirements imposed by laws, regulations, and the provisions of contract and grant agreements and the activities approved in the award documents were allowable.</p> <p>3. Review the County's documentation of during-the-award monitoring to determine if the County provides reasonable assurance that subrecipients used federal funds for authorized purposes, complied with laws and regulations, provisions of contracts and grant agreements and achieved performance goals.</p> <p>4. Review the County's follow up to ensure corrective action on deficiencies noted during the award monitoring.</p> <p>5. Verify that the County receives audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133, issues timely management decisions on audit findings within six months after receipt of the subrecipient's audit report, and requires subrecipients to take appropriate and timely corrective action on deficiencies identified in audit findings.</p> <p>6. Verify that in cases of continued inability or unwillingness of a subrecipient to have required audits, the County took appropriate action using sanctions.</p> <p>7. Verify that the effects of subrecipient non-compliance are properly reflected in the County's records.</p> <p>8. Document the County's procedures for monitoring subrecipients who are not required to have an A-133 audit (total expenditures of federal awards of less than \$500,000). Verify the procedures for reasonableness and adequacy.</p> <p>N. <u>SPECIAL TESTS AND PROVISIONS:</u></p> <p>1. Review the laws, regulations, and provisions of grant and contract agreements to identify special tests and provisions.</p> <p>2. Develop procedures to test these requirements.</p>					

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>MISCELLANEOUS PROVISIONS:</u>					
A. If the County is a pass-through agency of federal funds, ensure the appropriate receipts/revenues and disbursements/ expenditures are recognized in compliance with GASB 24.					
B. Obtain Data Collection Form. (The Federal programs listed in Part III should be in the same order as the Schedule of Expenditures of Federal Awards.)					
C. Prepare notification letters to pass-through entities not required to receive a reporting package.					
D. Obtain Corrective Action Plan for Federal Audit Findings from County (prepared on County letterhead) and review for propriety.					
E. Obtain Summary Schedule of Prior Federal Audit Finding from County (prepared on County letterhead) and review for propriety.					
F. Determine if risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for Single Audit requirements, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

COUNTY Sample County

June 30, 2008

**28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. To provide for the examination of financial condition and transactions of 28E organizations accounted for by the County, in accordance with Chapter 11.6 of the Code of Iowa. Audit Procedures: A. Identify any 28E organizations for which the County performs receipt and disbursement functions for, and for which gross receipts were in excess of \$100,000 during the fiscal year. B. Discuss with a responsible official of the 28E's governing body the Code requirement for an audit, and determine whether the governing body wants the audit conducted at the same time as the County's audit. 1. Document name of responsible official and discussion. 2. Obtain the organization's concurrence to conduct the audit. Ask for the concurrence in writing. Governing body action may be required. 3. Discuss billing arrangements. C. If organization agrees to an audit, perform the following: 1. Review and document the organization's internal controls. 2. Minutes a. Review minutes and document significant action including subsequent events. b. Determine and document whether minutes were properly signed. c. Determine, on a test basis, if meetings were preceded by proper public notice in accordance with Chapter 21.4 of the Code of Iowa. d. Determine the minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa. e. Determine if minutes document that the governing body followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa). 1) The session was closed by affirmative roll call vote of at least two-thirds of the members. 2) The specific exemption under Chapter 21.5 of the Code was identified and documented. 3) Final action was taken in open session.	A				

COUNTY Sample County

June 30, 2008

**28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>f. Determine on a test basis, if the entity furnished a summary of the proceedings to be submitted for publication to the newspaper within 20 days following the adjournment of the meeting in accordance with Chapter 28E.6(3) of the Code of Iowa (as amended by HF808) and included:</p> <p>1) A schedule of bills allowed.</p> <p>2) A list of all salaries paid for services but persons regularly employed by the entity shall only be published annually.</p> <p>3. Review and test receipts, disbursements, payroll and any other significant transaction cycles as considered necessary. If payroll is not processed with the County's payroll system, review payroll withholdings and quarterly reports.</p> <p>4. For 28E organizations other than landfills, prepare a separate statement of changes in assets and liabilities for inclusion in the County's audit report (see Sample County report). (Although optional, due to the nature of landfills and the difficulties in determining compliance with GASB 18 and the Department of Natural Resources, it is strongly recommended that 28E landfill reports be issued under separate cover.)</p> <p>D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for 28E Entities with gross receipts over \$100,000, and the results of these procedures are adequately documented in the accompanying workpapers.</p>	A				
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent _____ Date _____</p> <p>Reviewer _____ Date _____</p>					

COUNTY Sample County

June 30, 2008

COMPLETION OF AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Written representations have been obtained from responsible officials.					
B. Misstatements discovered during the audit have been evaluated.					
C. Financial statements are fairly presented and disclosures are adequate. (10,11,12,13)					
D. The effect on the auditor's report of GAAP departures, scope limitations, uncertainties, other auditors, or other matters has been evaluated.					
E. Significant deficiencies have been summarized and communicated to the appropriate parties.					
F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified. (10,11,12,13)					
Audit Procedures:					
A. Inquire as to whether all funds have been brought to our attention.					
B. Identify any commitments, contingencies and subsequent events that may require disclosure.	F				
1. In connection with litigation and claims, perform the following procedures:					
a. Obtain from County officials a description and evaluation of litigation and asserted and unasserted claims.					
b. Examine documents in the County's possession concerning the above matters.					
c. Review invoices for legal services and consider whether any other matters in addition to the above were disclosed during the course of the audit.					
d. Review attorney's letter for matters requiring disclosure.					
2. Complete review of minutes through end of field work for subsequent events.					
3. Inquire of County officials about existence of material subsequent transactions or events and significant matters unresolved at year end.	F				
4. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries.	F				
C. Determine if footnote disclosure is needed and obtain documentation for the following items. (For entities with unusual types of activities, consider reviewing the AICPA disclosure checklist.)	C,F				
1. Lease commitments (capital and operating leases).					

COUNTY Sample County**June 30, 2008****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> 2. Construction commitments. 3. Contracts. 4. Termination Benefits. 5. Subsequent events. 6. Lawsuits. 7. Other commitments and contingencies (including outstanding indebtedness of others guaranteed by the County; moral obligations; conduit debt obligations in accordance with GASB Interpretation 2; and no-commitment debt). 8. Health insurance trust 9. Municipal solid waste landfill. 10. Relationships with organizations other than component units: <ul style="list-style-type: none"> a. Related organizations. b. Joint ventures. c. Jointly governed organizations. d. Component units and related organizations with joint venture characteristics. e. Pools. f. Undivided interests. g. Cost-sharing arrangements. 11. Other pertinent information. <p>D. Summarize and evaluate misstatements noted during the audit, including both known and likely misstatements. (SAS 98) The auditor should consider whether any qualitative factors exist which may affect the auditor's conclusion about whether misstatements are considered material (AU 312.60). Examples may include:</p> <ul style="list-style-type: none"> a. The potential effect on trends – such as the trend on net income or any other information used in trend analysis. b. The potential effect on the County's compliance with loan/debt covenants, other contractual agreements or regulatory provisions. c. The misstatement has the effect of increasing management's compensation (if there would be some form of incentive compensation or bonuses based on an award). d. The motivation of management to the misstatement, such as: <ul style="list-style-type: none"> 1) Bias when determining estimates. 	B				

COUNTY Sample County**June 30, 2008****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> 2) An unwillingness to correct weaknesses in the financial reporting process. 3) An intentional decision not to follow generally accepted accounting principles. e. The likelihood that a currently immaterial misstatement may have a material effect in future periods due to the cumulative effect. f. The risk additional undetected misstatements would affect the auditor's evaluation. 					
E. Document the reconciliation of the financial statements to accounting records.	C				
F. Obtain County's concurrence on proposed adjusting journal entries.					
G. Determine and document whether there could be substantial doubt about the County's ability to continue as a going concern.	D				
H. Determine and document type of opinion rendered for each opinion unit. Document reasons for variances from unqualified opinion.	C,D				
I. Summarize significant deficiencies and material weaknesses and include in written communication to management and those charged with governance within 60 days following the report release date. (AU 325.21)	E				
<ul style="list-style-type: none"> 1. Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control (AU 325.18): <ul style="list-style-type: none"> a. Controls over the selection and application of accounting principles that are in conformity with GAAP. b. Antifraud programs and controls. c. Controls over non-routine and nonsystematic transactions. d. Controls over the period-end financial reporting process including procedures used to enter transactions into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements. 2. Deficiencies in the following areas should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control (AU 325.19): <ul style="list-style-type: none"> a. Ineffective oversight of the entity's financial reporting and internal control by those charged with governance. 					

COUNTY Sample County

June 30, 2008

COMPLETION OF AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Restatement of previously issued financial statements to reflect the correction of a material misstatement. c. Identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control. d. An ineffective internal audit function or risk assessment function at an entity for which such functions are important such as very large or highly complex entities. e. An ineffective regulatory compliance function for complex entities in highly regulated industries. f. Identification of fraud of any magnitude on the part of senior management. g. Failure by management or those charged with governance to assess the effect of a significant deficiency previously communicated to them and either correct it or conclude that it will not be corrected. h. An ineffective control environment. 					
J. Draft audit report, including opinions, financial statements, notes, supplemental information and other reports. Determine that preparation of the draft audit report will not impair independence.	C,E				
K. Send the draft financial statements to the County and obtain the County's approval: <ul style="list-style-type: none"> 1. Date sent to County _____ 2. Date County approved _____ 					
L. Perform the following limited procedures to Required Supplementary Information (RSI), as required by SAS No. 52: <ul style="list-style-type: none"> 1. Inquire of management about the methods used in preparing the information. 2. Compare the information for consistency with management's responses to the foregoing inquiries, audited financial statements, and other knowledge obtained during the examination of the financial statements. 3. Consider whether representations on RSI should be included in specific written representations obtained from management.(SAS 85) 4. Apply additional procedures, if any, that other statements, interpretations, guides, or statements of position prescribe for specific types of RSI. 					

COUNTY Sample County**June 30, 2008****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>5. Make additional inquiries if application of the foregoing procedures causes the auditor to believe that the information may not be measured or presented within applicable guidelines.</p> <p>M. Review the reasonableness of the Management's Discussion and Analysis which is limited to the following required elements: (GASB 34 par.11)</p> <ol style="list-style-type: none"> 1. A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide. 2. Condensed financial information derived from entity wide financial statements comparing the current year to the prior year. 3. An analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations. 4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restriction, commitments, or other limitations significantly affect the availability of fund resources for future use. 5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund. 6. A description of significant capital asset and long-term debt activity during the year, including commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services. 7. If applicable, a discussion of the modified approach to report some or all of the infrastructure assets. 8. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations. <p>N. Determine information presented as supplementary information in the statistical section of a Comprehensive Annual Financial Report (CAFR) complies with GASB 44 requirements.</p>					

COUNTY Sample County**June 30, 2008****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
O. Perform a retrospective review of significant accounting estimates reflected in the prior year financial statements and consider whether the underlying assumptions in the prior year indicate a possible bias on the part of management. Consider whether the results of the review provide additional information about possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU 316.64)	C				
P. Evaluate and document the business rationale for significant unusual transactions. (AU 316.66)					
Q. Perform analytical procedures for overall review of financial statements. Document the consideration of the following: <ol style="list-style-type: none"> 1. The adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit. 2. Unusual or unexpected balances or relationships that were not previously identified. 	C				
R. Conduct an exit conference with the County, including its audit committee if possible, and discuss the following: <ol style="list-style-type: none"> 1. Report findings 2. Non-report findings 3. Audit and accounting problems that may affect the audit bill. 4. Uncorrected misstatements which are believed to be immaterial. 	E				
S. Obtain written representation signed by elected officials and Department heads. <ol style="list-style-type: none"> 1. Modify, as necessary, for related party/business transactions, federal program representations, obsolete inventories and/or other items. 2. Prepared on County's letterhead. 3. Dated same date as the auditor's reports as determined in AU 339.23. 	A				
T. Complete the budget and time summary including explanation of significant variances from budget and recommendations for next year. Note billing instructions, if applicable.					

June 30, 2008

[illegible]

June 30, 2008

INDIVIDUAL OFFICES
County Auditor

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>Audit Objective:</p> <p>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</p> <p>ENTRANCE CONFERENCE</p> <ol style="list-style-type: none"> 1. Items discussed: <ol style="list-style-type: none"> a. Representation letter to be signed at completion of the engagement. b. Accounting problems during year. c. Personnel changes. d. Arrangements for client assistance. e. Other items. 2. Review internal control documentation and update key duties workpaper. 3. Review and document status of prior year comments and recommendations. <p>Name and title of client personnel interviewed:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>				

COUNTY Sample County**June 30, 2008****INDIVIDUAL OFFICES**
County Auditor

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>A. Office Receipts and Disbursements</p> <p>For all cashbooks or ledgers maintained, perform the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain a summary of office receipts and disbursements. 2. Perform analytical procedures of receipts and compare to prior years. Document procedures performed. 3. Trace County share of disbursements to Treasurer year-to-date miscellaneous receipt total(s). <p>B. Office Liabilities</p> <ol style="list-style-type: none"> 1. Obtain a trust account schedule to determine amounts actually due to County funds, state, cities or others. <p>C. Cash in Bank</p> <ol style="list-style-type: none"> 1. Confirm bank balances and authorized check signers. 2. Obtain or prepare bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> a. Foot bank reconciliation. b. Reconcile bank balances with cashbook balance. c. Obtain or prepare list of checks outstanding at the end of the period under audit including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items. d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank. 				

June 30, 2008

INDIVIDUAL OFFICES
County Auditor

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for the Auditor's Office, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between;"> <div>Incharge _____ Manager _____ Independent Reviewer _____</div> <div>Date _____ Date _____ Date _____</div> </div>				

June 30, 2008

INDIVIDUAL OFFICES
County Recorder

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
Audit Objective: Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported. ENTRANCE CONFERENCE 1. Items discussed: a. Representation letter to be signed at completion of the engagement. b. Any accounting problems during year. c. Any personnel changes. d. Arrangements for client assistance. e. Any other items. 2. Review internal control documentation and update key duties workpaper. 3. Review and document status of prior year comments and recommendations. Name and title of client personnel interviewed: <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>				

COUNTY Sample County**June 30, 2008****INDIVIDUAL OFFICES**
County Recorder

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>A. Office Receipts and Disbursements</p> <p>For all cashbooks or ledgers maintained, perform the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain a summary of office receipts and disbursements. 2. Perform analytical procedures of receipts and compare to prior years. Document procedures performed. 3. Trace County share of disbursements to Treasurer year-to-date miscellaneous receipts total(s). <p>B. Office Liabilities</p> <ol style="list-style-type: none"> 1. Obtain a trust account schedule to determine amounts actually due to County funds, state, cities or others. 2. Trace material amounts due to County funds, state, cities or others to subsequent disposition and document procedures performed. 3. Obtain a list of trusts on hand at year-end and reconcile total to account records. Test for accuracy by tracing selected trusts to cashbook receipt. 4. On a test basis trace trust receipts to subsequent disposition or year-end trust list. <p>C. Cash in Bank</p> <ol style="list-style-type: none"> 1. Confirm bank balances and authorized check signers. 2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> a. Foot bank reconciliation. b. Reconcile bank balances with cashbook balance. c. Obtain list of checks outstanding at the end of the period under audit including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items. d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank. e. Review monies swept from bank accounts to actual licenses sold. Document reconciling items. <p>D. Accounts Receivable</p> <ol style="list-style-type: none"> 1. Obtain a list of accounts receivable. 2. Trace material amounts to subsequent collection. 3. Determine if material accounts receivable are for authorized purposes. 				

COUNTY Sample County

June 30, 2008

INDIVIDUAL OFFICES
County Recorder

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>				
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for the Recorder's Office, and the results of these procedures are adequately documented in the accompanying workpapers.				
Incharge _____ Date _____ Manager _____ Date _____ Independent _____ Date _____ Reviewer _____ Date _____				

June 30, 2008

[illegible]

COUNTY Sample County**June 30, 2008****INDIVIDUAL OFFICES**
County Sheriff

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>A. Office Receipts and Disbursements</p> <p>For all cashbooks or ledgers maintained, perform the following procedures.</p> <ol style="list-style-type: none"> 1. Obtain a summary of office receipts and disbursements, including commissary. 2. Perform analytical procedures of receipts and compare to prior years. Document procedures performed. 3. Trace County share of disbursements to Treasurer year-to-date miscellaneous receipt total(s). 4. Determine that Sheriff's Trust Account disbursements are for authorized purpose. (Should not include items that should be run through claim procedures or salaries.) 5. If the Sheriff has a commissary account, determine that disbursements for non-resale items have been included in the County's budget and disbursement procedures. <p>B. Office Liabilities</p> <ol style="list-style-type: none"> 1. Obtain a trust account schedule to determine amounts actually due to County funds, state, cities or others. 2. Trace material amounts due to County funds, state, cities or others to subsequent disposition and document procedures performed. 3. Obtain a list of trusts on hand at year-end and reconcile total to account records. Test for accuracy by tracing selected trusts to cashbook receipt. 4. On a test basis trace material trust receipts to subsequent disposition or year-end trust list. <p>C. Cash on hand – Count and reconcile drug buy cash funds.</p> <p>D. Cash in Bank</p> <ol style="list-style-type: none"> 1. Confirm bank balances and authorized check signers. 2. Obtain bank reconciliations for all bank accounts as of year end. <ol style="list-style-type: none"> a. Foot bank reconciliation. b. Reconcile bank balances with cashbook balance. c. Obtain a list of checks outstanding at the end of the period under audit including check number, amount and date written. On a test basis, examine checks paid from July 1 through the date of fieldwork and document date cleared for test items. d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank. 3. Determine existence of any separately maintained accounts. If any are identified, review for propriety. 				

June 30, 2008

INDIVIDUAL OFFICES
County Sheriff

[illegible]

June 30, 2008

[illegible]

COUNTY Sample County**June 30, 2008****INDIVIDUAL OFFICES**
County Extension

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>A. Cash in Bank</p> <ol style="list-style-type: none"> 1. Confirm bank balances and authorized check signers. 2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> a. Foot bank reconciliation. b. Reconcile bank balances with cashbook balance. c. Obtain list of checks outstanding at the end of the period under audit including check number, amount, date written. On a test basis, examine checks paid in July and document date cleared for test items. d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank. e. Determine existence of any separately maintained accounts. If any are identified, review for propriety. <p>B. Receipts and Disbursements</p> <ol style="list-style-type: none"> 1. Reconcile tax receipts with County Treasurer's tax apportionment. 2. Scan disbursements for reasonableness. 				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>				
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for the Agricultural Extension Office, and the results of these procedures are adequately documented in the accompanying workpapers.</p>				
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>				

June 30, 2008

INDIVIDUAL OFFICES
County Care Facility

[illegible]

COUNTY Sample County**June 30, 2008****INDIVIDUAL OFFICES**
County Care Facility

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p>A. Cash in Bank</p> <ol style="list-style-type: none"> 1. Confirm bank balances and authorized check signers. 2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> a. Foot bank reconciliation. b. Reconcile bank balances with cashbook balance. c. Obtain list of checks outstanding at the end of the period under audit including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items. d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank. <p>B. Resident Account Ledgers</p> <ol style="list-style-type: none"> 1. Obtain a list of resident accounts, including beginning balance, year-to-date receipts, year-to-date disbursements and balance at June 30 and review for reasonableness. <p>C. Other</p> <ol style="list-style-type: none"> 1. Determine that all funds maintained by the County Care Facility such as conservator activity and canteen accounts have been properly accounted for. 2. Determine that any government commodities received have been included in the schedule of federal financial assistance. 				

June 30, 2008

INDIVIDUAL OFFICES
County Care Facility

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for the County Care Facility, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between;"> Incharge _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Manager _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Independent Reviewer _____ Date _____ </div>				

June 30, 2008

INDIVIDUAL OFFICES
(City) (County) Assessor

[illegible]

June 30, 2008

INDIVIDUAL OFFICES
(City) (County) Assessor

[illegible]

June 30, 2008

AUDIT AND ACCOUNTING PROBLEMS

[illegible]

June 30, 2008

CONFERENCES

[illegible]

COUNTY Sample County**June 30, 2008****SIGNIFICANT FINDINGS
FROM THE AUDIT**

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The auditor should communicate significant findings from the audit with those charged with governance including the following matters (AU 380.34 through AU 380.44)

(A) Accounting Policies

Significant accounting policies used by the County are described in Note 1 to the financial statements. Except as noted below, no new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. Except as noted below, we noted no transactions entered into by the County that were both significant and unusual, and of which, under professional standards, we were required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Exceptions:

(B) Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated key factors and assumptions used in the significant estimates used by the County in determining the reasonableness in relation to the financial statements taken as a whole.

List significant estimates:

(C) Difficulties Encountered in Performing the Audit

Except as noted below, we encountered no significant difficulties in dealing with management in performing and completing our audit.

Exceptions:

COUNTY Sample County**June 30, 2008****SIGNIFICANT FINDINGS
FROM THE AUDIT****(D) Uncorrected misstatements**

We have provided you with a listing of all known and likely uncorrected misstatements identified during the audit which have been included in the management representation letter. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have a significant effect on the County's financial reporting process.

(E) Disagreements with Management

Professional standards define a disagreement with management as a matter, whether or not resolved or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. Except as noted below, no such disagreements arose during the course of our audit.

Exceptions:

(F) Material, Corrected Misstatements

Except as noted, all material, corrected misstatements brought to the attention of management as a result of audit procedures were included in the auditor's comments and recommendations.

Exceptions:

(G) Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. Except as noted below, there were no such consultations with other accountants.

Exceptions:

(H) Significant Issues

Significant issues arising from the audit that were discussed, or the subject of correspondence, with management.

List any significant issues:

(I) Comments

We have provided you our written comments and recommendations regarding the County's financial statements and operations.

Acknowledgement:

Governing Body Representative

Date

June 30, 2008

[illegible]

1 – Reported in Findings Related to the General Purpose Financial Statements.
2 – Reported in Other Findings Related to Statutory Reporting.

COUNTY Sample County

June 30, 2008

ITEMS FOR COMMENT

The following guidance should be used by the auditor to evaluate the control deficiencies identified:

Magnitude of Misstatement That Occurred, or Could Have Occurred	Likelihood of Misstatements	
	More Than Remote	Remote
Quantitatively or Qualitatively material	Material weakness	Control deficiency but not A significant deficiency or A material weakness
More than inconsequential But less than material	Significant deficiency but not a material weakness	Control deficiency but not A significant deficiency or A material weakness
Inconsequential (i.e., clearly immaterial)	Control deficiency but not a significant deficiency or a material weakness	Control deficiency but not A significant deficiency or A material weakness

Definitions:

Control Deficiency – exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Significant Deficiency – a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not to be prevented or detected.

Material Weaknesses – a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

More Than Inconsequential – Describes the magnitude of potential misstatement that could occur as a result of a significant deficiency and serves as a threshold for evaluating whether a control deficiency or combination of control deficiencies is a significant deficiency. A misstatement is inconsequential if a reasonable person would conclude, after considering the possibility of further undetected misstatements, that the misstatement, either individually or when aggregated with other misstatements, would clearly be immaterial to the financial statements. If a reasonable person would not reach such a conclusion regarding a particular misstatement, that misstatement is more than inconsequential.

Likelihood – refers to the probability that a control, or combination of controls, could have failed to prevent or detect a misstatement in the financial statements being audited.

Magnitude – refers to the extent of the misstatement that could have occurred, or that actually occurred, since misstatements include both potential and actual misstatements.

June 30, 2008

[illegible]

Likelihood:
R = Remote
MR = More than remote

ITEMS FOR NEXT YEAR

[illegible]

Name of County

Opinion Unit

Sample County

Fiscal Year Ended

Prepared By

Reviewed By

Initial

Date

This form should be used to accumulate known audit differences by opinion unit detected by non-sampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. A separate Audit Difference Evaluation Form should be maintained for each opinion unit. Use whole dollars only.

				Financial Statements Effect – Amount of Over (Under) Statement of:							
K/P	Description (Nature) Of Audit Difference	Amount	Work- Paper Ref.	Total Assets	Total Liab.	Fund Equity	Revenues	Expend.	Excess of Rev. over Expend. (a)	Working Cap. (b)	Mgr. Appr.
Unadjusted audit differences – this year											
Effect of unadjusted audit differences - last year											
Net audit difference											
Financial statement caption totals											
Net audit differences as a % of F/S captions											

K - Known Audit Difference

P - Projected Audit Difference

(a) For a proprietary fund type, this column would show the effect on net income.

(b) This column would only be used for a proprietary fund type.

Planning Materiality \$

Are any of the audit differences identified above indicative of fraud? (If yes, contact the Manager)

Yes

No

Are any of the audit differences qualitatively material? (If yes, contact the Manager)

Yes

No

Are the audit differences individually or in the aggregate material?

Yes

No

COUNTY Sample County**June 30, 2008****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION****A. Independent Auditor's Report on the financial statements:**

1. Type of opinion rendered for each opinion unit and reason for modification of opinion, if applicable :

<input type="checkbox"/> Governmental Activities	U	Q	D	A
<input type="checkbox"/> Business Type Activities	U	Q	D	A
<input type="checkbox"/> Major Fund – General	U	Q	D	A
<input type="checkbox"/> Major Fund – Mental Health	U	Q	D	A
<input type="checkbox"/> Major Fund – Rural Services	U	Q	D	A
<input type="checkbox"/> Major Fund – Secondary Roads	U	Q	D	A
<input type="checkbox"/> Major Fund – Debt Service	U	Q	D	A
<input type="checkbox"/> Major Fund – Capital Projects	U	Q	D	A
<input type="checkbox"/> Additional Major Fund -	U	Q	D	A
<input type="checkbox"/> Additional Major Fund -	U	Q	D	A
<input type="checkbox"/> Aggregate Remaining Fund Information	U	Q	D	A
<input type="checkbox"/> Aggregate Discretely Presented Component Units	U	Q	D	A

2. Reliance on opinion of other auditors properly included in the Independent Auditor's Report

Y N N/A

3. Supplemental information accompanying basic financial statements (AU 551) (check applicable):

- ☐ Include "in relation to" opinion.
- ☐ Disclaim opinion on unaudited information.
- ☐ Prior year information audited by whom and type of opinion(s) rendered (for multiple opinions, please describe in the space below):

☐ 2007 AOS Other auditors U Q D A

☐ 2006 AOS Other auditors U Q D A

☐ 2005 AOS Other auditors U Q D A

Other years:

☐ _____ AOS U Q D A

☐ _____ Other auditors U Q D A

June 30, 2008

OPINION, DISCLOSURE AND OTHER REPORT INFORMATION

[illegible]

COUNTY Sample County

June 30, 2008

**OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**

Y = Yes N = No N/A = Not Applicable

C. IAR on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards:**Yes, No
or Not
applicable**

1. Instances of material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
2. Instances of non-material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
3. No instances of non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
4. Significant Deficiencies	<u>Y</u> <u>N</u>	<u>GF-12's</u>
5. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12's</u>

D. IAR on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133:

1. Instances of non-compliance	See next page	
2. Significant Deficiencies	<u>Y</u> <u>N</u>	<u>GF-12's</u>
3. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12's</u>

E. Because this audit is being conducted under Chapter 11 of the Code of Iowa, Government Auditing Standards and OMB Circular A-133, users of the report are presumed to be aware of the conditions under which the report is issued, including the requirement of state law that requires the report to be open to the public.

F. Dollar threshold used to distinguish between Type A and Type B programs

\$ GF-1's

G. County qualified as low-risk auditee

Y N GF-1's

COUNTY Sample County**June 30, 2008****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION
SINGLE AUDIT**

	Major Program (CFDA #):					Major Program (CFDA #):				
	Requirement Tested	Finding reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Common requirements (GF-9s):										
A. Activities Allowed or Unallowed	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
B. Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
C. Cash Management	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
D. Davis-Bacon Act	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
E. Eligibility	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
F. Equipment and Real Property	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
G. Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC,QC,SD, D,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
H. Period of Availability of Federal Funds	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
I. Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
J. Program Income	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
K. Real Property Acquisition and Relocation Assistance	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
L. Reporting	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
M. Subrecipient Monitoring	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
N. Special Tests and Provisions	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A

U = Unqualified
Q = Qualified
D = Disclaimer
A = Adverse

MNC = Material noncompliance
QC = Questioned Cost > \$10,000
SD = Significant Deficiencies

Y = Yes
N/A = Not applicable

NONE = None required to be reported

COUNTY Sample County**June 30, 2008****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION
SINGLE AUDIT**

	Major Program (CFDA #):					Major Program (CFDA #):				
	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Common requirements (GF-9s):										
A. Activities Allowed or Unallowed	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
B. Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
C. Cash Management	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
D. Davis-Bacon Act	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
E. Eligibility	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
F. Equipment and Real Property	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
G. Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
H. Period of Availability of Federal Funds	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
I. Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
J. Program Income	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
K. Real Property Acquisition and Relocation Assistance	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
L. Reporting	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
M. Subrecipient Monitoring	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A
N. Special Tests and Provisions	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,SD, NONE	Y N/A	U,Q,D,A

U = Unqualified
Q = Qualified
D = Disclaimer
A = Adverse

MNC = Material noncompliance
QC = Questioned Cost > \$10,000
SD = Significant Deficiencies

Y = Yes
N/A = Not applicable

NONE = None required to be reported

COUNTY Sample County**June 30, 2008**

OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION
SINGLE AUDIT

REPORTING PACKAGES – The following entities are required to receive a copy of the County's reporting package:

- 1) Federal Clearinghouse
- 2) Grantor pass-through entities when:
 - The Schedule of Findings and Questioned Costs disclosed audit findings related to federal awards that the pass-through entity provided and/or,
 - The Summary Schedule of Prior Audit Findings reported the status of any audit findings related to federal awards that the pass-through entity provided.

List appropriate agencies and their addresses, if any:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

June 30, 2008

[illegible]

CONFIRMATION CONTROL

[illegible]

June 30, 2008

[illegible]

PENDING MATTERS

[illegible]

REVIEW NOTES

[illegible]

COUNTY Sample County**June 30, 2008****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Was the scope of our audit in accordance with our audit plan?			
2. Have you informed the Manager of all identified problems and internal control weaknesses that resulted in significant modification in the audit program, and have you obtained the Manager's concurrence with the modifications?			
3. Have you gathered enough evidence to satisfy the audit program objectives?			
4. Are you satisfied that the evidence gathered does not disclose suspicion of abuse, fraud, violations of statutory, regulatory and contractual provisions, or other illegal acts other than those noted in the statutory comments of the report?			
5. Are you satisfied that we have a reasonable basis for the expression of an opinion on each opinion unit and that the workpaper documentation supports the opinion we are expressing on the financial statements?			
6. Are you satisfied with the results of the limited procedures performed for required supplementary information (RSI), including management's discussion and analysis (MD&A) and other supplementary information?			
7. Are you satisfied there is not substantial doubt about the County's ability to continue as a going concern, or if there is substantial doubt, the appropriate disclosures were made and an explanatory paragraph was included in the Independent Auditor's Report?			
8. Are you satisfied that we have a reasonable basis for and the workpapers support our statement in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting for instances of non-compliance required to be reported under <u>Government Auditing Standards</u> ?			
9. Are you satisfied that we have a reasonable basis for expressing an opinion on the County's compliance with the common requirements applicable to major federal programs?			
10. Are you satisfied that we have obtained an adequate understanding of the design of internal controls, determined whether these controls were implemented and assessed control risk?			
11. Are you satisfied that we have reduced the detection risk to a reasonable level?			
12. Have all applicable items on the audit planning, questionnaires and audit program been completed and workpapers properly indexed and signed or initialed by those doing the work?			
13. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?			
14. Has the work of all assistants been thoroughly reviewed?			
15. Have review notes been adequately resolved?			
16. Are you satisfied that the planned level of risk of material misstatement due to fraud or error did not increase based on the accumulated results of the audit procedures performed during field work?			

COUNTY Sample County**June 30, 2008****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
17. Has there been appropriate communication with other audit team members throughout the audit regarding information or conditions indicative of risks of material misstatement due to fraud or error? (AU 316.74 and 318.74)			
18. Have you documented the success and/or failures of procedures performed based on the planned risk assessment in the items for next year section?			
19. Have you discussed with the client and prepared draft comments or memoranda regarding communication of the following to the client:			
a. Management suggestions?			
b. All significant deficiencies and material weaknesses in internal control that we observed?			
c. All immaterial items noted during our audit?			
d. Non-compliance with any statutory, regulatory or contractual requirements?			
e. Auditor's Reports on financial statements, compliance and internal controls?			
20. Has the audit report routing sheet:			
a. Been completed and signed off?			
b. Been completed for the report distribution section, including addresses for non-client report recipients?			
21. Has the news release draft been completed?			
22. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
23. Has the Manager been informed of all pending matters?			
24. Have required engagement evaluation reports been completed by the appropriate person(s)?			
25. Are you satisfied that all audit work complied with professional standards and office policies?			

June 30, 2008

INCHARGE REVIEW QUESTIONNAIRE

QUESTION		YES	NO	N/A
<p><u>COMMENTS</u> (required for “No” answers):</p>				
Incharge	Date			
Manager	Date			
Independent Reviewer	Date			

COUNTY Sample County**June 30, 2008****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
A. <u>GENERAL</u>			
1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge auditor?			
2. Have all exceptions noted on the Incharge Review Questionnaire been resolved?			
3. Are you satisfied that:			
a. The audit program was properly modified for identified problems and internal control weaknesses?			
b. Required supplemental information, if applicable, has been obtained and limited testing procedures have been performed?			
c. The judgments and conclusions reached are supported by documented evidence?			
d. Appropriate changes for the next audit, if any, have been summarized?			
e. All audit work conformed to the audit plan, scope and objectives?			
f. All significant unusual or unexpected balances or relationships noted during planning or the course of the audit have been adequately investigated and documented?			
g. Nothing was noted that indicated an increased level of risk of material misstatement due to fraud or error?			
4. Do the workpapers include adequate documentation as to:			
a. Changes in accounting policies?			
b. Conformity with U.S. generally accepted accounting principles or another comprehensive basis of accounting, if appropriate?			
c. Conformity with U.S. generally accepted government auditing standards?			
d. Conformity with statutory, regulatory and contractual provisions?			
e. Adequacy of disclosure?			
f. Compliance with office policies?			
5. Have applicable questionnaires been completed?			
6. Have all applicable procedures been performed and signed off?			
7. Have all review comments been cleared with adequate documentation of disposition?			
8. Have required performance evaluations been completed?			

COUNTY Sample County**June 30, 2008****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
B. <u>FINANCIAL STATEMENTS AND AUDIT REPORT</u>			
1. Are the financial statements adequately referenced to footnote disclosures?			
2. Are the dates of the financial statements correct?			
3. Are all material facts disclosed which are necessary to not make the financial statements misleading?			
4. Have all material and/or extraordinary subsequent events been evaluated and properly disclosed?			
5. Is there adequate documentation in the workpapers to support the footnotes?			
6. Do the footnotes clearly explain the facts?			
7. Is the nature of each financial statement clearly indicated by its title?			
8. Do the financial statements maintain a uniform manner of format, capitalization, headings and appearance in general within itself?			
9. Is our audit report addressed to the proper party?			
10. Does our opinion on each opinion unit properly state the responsibility we wish to assume?			
11. Has adequate audit work been performed to support the opinion on the financial statements that we are rendering?			
12. Is the report dated in accordance with AU 339.23?			
13. Is any data in the footnotes that requires special mention, with respect to the date of our report, appropriately reflected in the date of our report?			
14. Is our opinion on the supplemental financial information proper and supported by our audit?			
15. Are disclosures in each opinion unit, financial statements, and notes to financial statements adequate and do they clearly communicate the facts?			
16. Have you performed final analytical review procedures including a comparison of the financial statements to the prior year?			
17. Are you satisfied that the audit did not disclose any suspicions of fraud, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the statutory comments of the report?			

COUNTY Sample County

June 30, 2008

MANAGER REVIEW QUESTIONNAIRE

QUESTION	YES	NO	N/A
<p>18. Have the following been discussed with appropriate client officials and arrangements been made to get responses, if appropriate:</p> <ul style="list-style-type: none"> a. Management suggestions? b. All significant deficiencies and material weaknesses in internal control that we observed? c. All immaterial items? d. Non-compliance with any statutory, regulatory or contractual requirements? e. Auditor's Report? 			
<p>19. Have you sent the draft financial statements to the client and received written client approval of the financial statements?</p>			
<p>C. <u>IAR ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING:</u></p> <ul style="list-style-type: none"> 1. Has adequate work been performed to support our statement on instances of non-compliance required to be reported under <u>Government Auditing Standards</u>? 2. Have appropriate exceptions been noted for items of non-compliance? 3. Has adequate audit work been performed to support: <ul style="list-style-type: none"> a. Our understanding of internal controls? b. The determination of whether these controls have been implemented? c. Our assessment of control risk? 4. Have all significant deficiencies and material weaknesses been disclosed? 			
<p>D. <u>IAR ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE:</u></p> <ul style="list-style-type: none"> 1. Has adequate audit work been performed to support the opinion we are giving on compliance with common requirements applicable to major federal programs? 2. Have appropriate exceptions been noted for items of non-compliance? 3. Has adequate audit work been performed to support: <ul style="list-style-type: none"> a. Our understanding of internal controls? b. The determination of whether these controls have been implemented? c. Our assessment of control risk? 4. Have all significant deficiencies and material weaknesses been disclosed? 			

COUNTY Sample County**June 30, 2008****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>E. <u>REPORT PRODUCTION</u></p> <ol style="list-style-type: none"> 1. Has the report routing sheet been completed? 2. Does the draft audit report comply with professional and office reporting standards? 3. Has a copy of the completed routing sheet, including the report release date, been filed in GF-17's? <p><u>COMMENTS</u> (required for "No" answers):</p>			
<div> <div> Manager Independent Reviewer </div> <div> <div></div> <div></div> <div></div> </div> <div> Date Date </div> <div> <div></div> <div></div> <div></div> </div> </div>			

June 30, 2008

INDEPENDENT REVIEWER QUESTIONNAIRE

QUESTION	YES	NO	N/A
1. Is the audit evidence and documentation for all significant unusual or unexpected balances or relationships noted during planning or the course of the audit adequate?			
2. Have you reviewed the audit conclusions on all material items in the financial statements?			
3. Have all review notes been adequately resolved?			
4. Have you reviewed and do you concur with the Incharge Review Questionnaire?			
5. Have you reviewed and do you concur with the Manager Review Questionnaire?			
6. Based on your review, are the financial statements fairly presented?			
7. For any significant unusual or unexpected balances or relationships noted in your review of the audit report that were not previously identified, has adequate audit evidence and documentation been obtained?			
8. Do the financial statements, supplemental information and the comments and recommendations appear to be materially correct?			
9. Is the required supplementary information (RSI) included, if applicable, and has it been evaluated for reasonableness?			
10. Is the auditor's report on financial statements appropriate, based on our audit and the financial statement presentation?			
11. Is the auditor's report on compliance and internal control over financial reporting appropriate, based on our audit?			
12. Is the auditor's report on compliance with requirements applicable to each major program and internal control over compliance appropriate, based on our audit?			
13. Does the draft audit report comply with professional and office reporting standards?			
<u>COMMENTS</u> (required for "No" answers):			
<div style="display: flex; justify-content: space-between;"> <div>Independent Reviewer _____</div> <div>Date _____</div> </div>			